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## A FLOW-OF-FUNDS SYSTEM OF NATIONAL ACCOUNTS

### ANNUAL ESTIMATES, 1939-54

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*This article describes a new accounting record designed to picture the flow of funds through the major sectors of the national economy. Summary tables setting forth sources and uses of funds statements for all sectors are included for the years 1939-54. The accounts provide for transactions in existing assets and financial instruments as well as transactions in currently produced goods and services.*

*The text of the article is an advance printing of the opening chapter of a detailed statistical report on the Flow of Funds in the United States, 1939-53, to be published by the Board of Governors before the end of the year.<sup>1</sup> The price will be \$2.75.*

Insight into the functioning of an economy can be greatly enhanced by casting available information into a systematic and comprehensive structure of economic accounts. Application of accounting discipline to the organization of economic data aids in both collection and interpretation of economic knowledge, for it highlights gaps in the basic statistics and clarifies interrelations among the parts of the structure.

In recent years, the economist's tools for analysis have been enlarged by the development of two systems of economic accounting, one for the nation's income and its ex-

penditures on current production, and the other for input-output interrelations among major industrial groups. Both systems of accounts have contributed substantially to understanding of production and distribution processes.

Analysis of a modern economy with a complex financial structure calls for additional tools of different orientation. In a highly interdependent economy such as ours, credit and monetary developments necessarily play a strategic role. Changes in liquidity, portfolio composition, credit availability, and incentives to use credit are re-

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<sup>1</sup>The exploratory work in developing this new accounting record was carried through by Professor Morris A. Copeland, now of Cornell University, under the sponsorship of the National Bureau of Economic Research and the Committee for Economic Development, with the cooperation of the Board of Governors. This exploration demonstrated the feasibility of a flow-of-funds record that could be maintained on an annual basis. Accordingly, the Board of Governors, in view of the public interest in this type of record as well as of its own needs for information, requested its Division of Research and Statistics to undertake the project.

Compilation of the flow-of-funds accounts would not have been possible without the wealth of statistical information that has become available over the past decades. The Division is greatly indebted to many Government and private agencies and to many individuals for their generous cooperation and advice in compiling the record. The need for a

flow-of-funds record is a continuing one and the present form of the accounts is not necessarily final. It is expected that both the form of the accounts and the estimates contained in them will change with the availability of improved data and statistical techniques and with the changes that are constantly taking place in the economy itself.

Preparation of the Board's flow-of-funds accounts has been under the immediate staff direction of Daniel H. Brill, who was responsible for their conceptual and statistical framework and form of presentation. Stanley J. Sigel had immediate charge of integrating concepts and data for the several accounts. Other staff members participating in the work include Dorothy S. Projector, Stephen P. Taylor, Evelyn M. Hurley, and Helmut Wendel. Conduct of the project has been under the general guidance of Kenneth B. Williams, Assistant Director of the Board's Division of Research and Statistics.

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flected in markets for goods and services and thereby in the changing total and composition of spending and output. Likewise, changes in the level and pattern of income, prices, expenditures, and output influence the flow of funds through financial channels.

The nature and extent of interdependence among these financial and nonfinancial processes can be seen most clearly when measurements of both types of activity are organized into a single internally consistent economic record. To be of maximum usefulness for such purposes, the record must be extensive in scope and encompass all major types of transactions in which financial factors influence and are influenced by other economic developments. The record needs also to be detailed to permit identification of the economic groups participating in each major type of economic activity and to permit varied combinations of these groups and activities for testing analytic hypotheses. Finally, to permit meaningful comparison and aggregation of component parts, the record should be consistent in definition and measurement.

The flow-of-funds system of national accounts is an important step toward meeting these standards. The system encompasses all transactions in the economy that are effected by a transfer of credit and/or money. The boundaries of the system extend beyond the measurements of national output alone. Since flows of funds arise in transfers of existing assets as well as in purchases and sales of current production, the accounts include measures of transactions in land, existing homes, and used automobiles in addition to measures of purchases and sales of new homes and new automobiles. Flows of funds also arise out of shifts in composition of portfolios. Therefore, transactions in

mortgages, securities, trade credit, and other financial instruments, as well as changes in cash balances, are measured in the system.

In the flow-of-funds system, records of all these flows are organized into detailed statements of the sources and uses of funds for each of 10 major groups or sectors into which the economy is divided. In general, each group is composed of economic units similar with respect to function and institutional structure. The flow-of-funds sectors are:

- Consumers
- Corporate business
- Nonfarm noncorporate business
- Farm business
- Federal Government
- State and local governments
- Banking system
- Insurance
- Other institutional investors
- Rest of the world

The three major financial sectors are further subdivided into component groups for which flow-of-funds accounts are also provided. Thus, the sector account for the banking system is built up by consolidating accounts for four subsectors: (1) commercial banks, (2) mutual savings banks and the Postal Savings System, (3) the Federal Reserve System, and (4) Treasury monetary funds. The insurance sector statement is the summation of three subsector accounts: (1) life insurance companies, (2) self-administered pension plans, and (3) other insurance companies. The account for other institutional investors is developed by combining statements of sources and uses of funds for three subsectors: (1) nonprofit organizations, (2) savings and loan associations, and (3) other financial institutions.

The flow-of-funds sector accounts can be visualized as a set of interlocking balance-

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of-payments statements, each of which, in major respects, is similar in format to balance-of-payments statements that have been developed to record the flow of international payments. Each flow-of-funds sector account records the sector's purchases and sales of commodities and services, its credit and capital outflows and inflows, and the changes in its monetary balances.

Each transaction recorded is reflected in at least four entries in the accounts of participating sectors. For example, a transaction consisting of a purchase of goods for cash is entered as a purchase of goods by the buyer, a sale of goods by the seller, a reduction in cash for the buyer, and an increase in cash for the seller.<sup>2</sup> Such a transaction has two nonfinancial entries—the purchase and sale—and two financial entries—the reduction and the increase in cash. Some transactions are entirely financial in character, for example, purchases of securities for cash or repayments of debt in cash; in these cases, all entries reflect changes in financial claims.<sup>3</sup> It has been found convenient in describing the accounts to refer to the nonfinancial entries of the transactions recorded as “nonfinancial transactions” and to call the financial entries “financial transactions.”

For many analytic purposes, it is useful to distinguish, in the nonfinancial transactions, the types of goods and services exchanged, or the immediate purpose served by the exchange; and, in the financial transactions, the types of financial instruments used in payment or exchanged against other financial claims. Accordingly the transactions of the individual sectors in the flow-of-funds accounts are classified into 12 nonfinancial and 9 financial categories:

<i>Nonfinancial</i>	<i>Financial</i>
Payroll	Currency and deposits
Interest	Gold and Treasury currency
Rents and royalties	Bank loans other than mortgages
Dividends	Federal obligations
Net withdrawals by pro- prietors	State and local obli- gations
Insurance premiums	Corporate securities
Insurance benefits	Mortgages
Grants and donations	Trade credit
Taxes	Misc. financial assets and liabilities
Tax refunds	
Real estate transfers	
Other goods and serv- ices	

These classifications are carried through all sector accounts consistently, so that each sector's contribution to particular phases of economic activity can be traced. In addition to being recorded in the sector accounts, transactions in each of these categories are summarized in transaction accounts. Significant components of these transaction categories are also recorded in the accounts, and for most of the financial transaction categories estimates have been developed of the stock of assets and liabilities outstanding as well as of the net flows of these claims. The transaction classifications used in the flow-of-funds accounts do not single out any particular concepts of income, consumption, saving, or investment. Rather, the transaction detail permits the user to make combinations of data that will serve alternative formulations of these concepts.

This cross-classification of the data by sectors and transactions provides a valuable statistical control over the estimates incorporated in the accounts. The transaction groups are so defined that the sum of all payments should equal the sum of all receipts in each category. Concomitantly, each sector's sources of funds should equal its uses of funds. The discrepancies that arise in many sector and transaction accounts are im-

<sup>2</sup> Some transactions, such as purchases involving part cash and part credit payment, involve more than four entries.

<sup>3</sup> Transactions that are entirely nonfinancial (barter, for example) are not recorded in the accounts.

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portant guides to the improvement of estimating procedures.

## STRUCTURE OF ACCOUNTS IN SUMMARY

A summary of the structure of the accounts depicting the interrelations of all transactions in the economy for one year, 1953, is presented in the accompanying table. Similar summaries for each year covered by the accounts are presented at the end of this article.

For each sector of the economy, the columns of the table record sources of funds (receipts) and uses of funds (payments) in terms of several groupings of nonfinancial and financial transactions.<sup>4</sup> When read across, the table shows the participation of each sector in each group of transactions.

The kind of information provided by the summary table can be illustrated by answering the following question about the economic activities of the consumer sector in 1953: How did consumers as a group make purchases of goods and services amounting to 238 billion dollars (including 64 billion for new and old houses and consumer durables), provide for insurance, retirement and gifts to the extent of 23 billion, pay taxes to the amount of 41 billion, and add nearly 13 billion to their cash and other financial assets—a grand total of 314 billion dollars?

The funds available to consumers from cash wages and salaries, it can be seen, amounted to roughly three-fifths of this sum. Another fifth of the payments was made out of investment income of various kinds. There remains then about one-fifth to be accounted for, or a sum of around 60 billion dollars.

From the table it can be seen that over one-third of this balance was covered from

<sup>4</sup>The coverage of these transaction groupings is indicated in the notes following the summary tables at the end of the article.

receipts from the sale of tangible capital assets—houses and other real estate, automobiles, and the like. Somewhat more than this came from insurance benefits, pension receipts, gifts, and public and private aid. Tax refunds were the source of another 3 billion dollars.

Consumers financed the remaining 11 billion dollars of their total expenditures and acquisition of assets through borrowing. One-third of this borrowing was from banks. Consumer mortgage debt rose during the year by 6 billion dollars and other indebtedness increased in round numbers by 5 billion. Thus we have a full accounting of consumer receipts, expenditures, and finances in a single statement.

At the same time the table shows these consumer transactions in their relation to transactions of all other sectors. For example, of the 196 billion dollars of payroll received by consumers, corporate business paid three-fifths, governments one-sixth, non-corporate business a little less, and all other groups less than one-twelfth.

Examples of the interrelations can also be drawn from the financial area. Thus the increase in consumer mortgage debt was two-thirds of the total increase of 10 billion dollars in mortgage debt for the economy. Of the 10 billion increase in mortgages, the banking system took 2.5 billion, and this was one-third of the total increase in bank credit.

The increase in bank assets was associated with an increase of 5 billion dollars in currency and demand and time deposits. All sectors except the Federal Government increased their holdings of currency and deposits and the consumer sector's increase exceeded 4 billion dollars, or one-third of that sector's total increase in financial assets.

The table is also relevant to other questions concerning relations among sectors and

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SUMMARY OF FLOW-OF-FUNDS ACCOUNTS FOR 1953

S =Sources of Funds, U=Uses of Funds

(Annual flows, in billions of dollars)

Sectors			Consumer		Business						Government				Financial institutions						Rest of the world		Total	
					Corporate		Non-corporate		Farm		Federal		St. and loc.		Banking		Insurance		Other					
Transactions			S	U	S	U	S	U	S	U	S	U	S	U	S	U	S	U	S	U	S	U		
<b>Nonfinancial</b>																								
A	Payroll.....	195.5	2.7	.....	118.7	.....	30.0	.....	2.6	.....	19.0	.....	13.5	.....	1.9	.....	2.6	.....	4.4	.....	*	195.5	195.5	
B	Receipts from and payments on investment.....	59.4	16.3	9.7	20.0	17.5	40.0	1.1	13.0	1.0	5.5	.8	1.0	6.2	2.1	3.5	.3	1.7	1.5	.5	1.9	101.4	101.4	
C	Insurance and grants.....	23.9	22.7	1.3	12.2	1.0	3.0	.4	.4	7.5	14.4	11.9	11.7	*	.3	29.0	16.7	5.7	1.4	2.2	.3	82.8	83.0	
D	Taxes and tax refunds.....	2.6	40.9	.5	36.0	.....	6.8	.....	1.1	64.8	3.1	21.4	.....	.....	.8	.....	.7	.....	*	.....	*	89.4	89.6	
E	Capital acquisitions.....	22.0	63.8	.2	26.7	1.5	6.0	.4	5.0	*	4.2	.1	7.8	.....	.1	*	.2	.....	2.1	.....	.....	.....	.....	
F	Net change in inventories.....	.....	.....	.....	1.6	.....	.9	.....	.3	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	
G	New fixed capital.....	.....	39.4	.....	24.9	.....	5.1	.....	4.6	.....	4.2	.....	7.2	.....	.1	*	.....	.....	2.1	.....	.....	820.9	819.5	
H	Other.....	22.0	24.4	.2	.2	1.5	*	.4	.....	*	.1	.1	.5	.....	.....	*	.2	.....	.....	.....	.....	.....	.....	
I	Purchases and sales of other goods and services.....	.....	155.4	538.3	341.8	195.8	130.2	29.8	10.8	5.0	38.8	5.8	6.4	.8	.7	.5	3.4	4.9	3.0	15.8	14.3	.....	.....	
<b>Total.....</b>		<b>303.4</b>	<b>301.8</b>	<b>550.0</b>	<b>555.3</b>	<b>215.9</b>	<b>215.9</b>	<b>31.7</b>	<b>32.8</b>	<b>78.4</b>	<b>85.1</b>	<b>40.0</b>	<b>40.4</b>	<b>7.0</b>	<b>5.9</b>	<b>33.0</b>	<b>23.9</b>	<b>12.3</b>	<b>12.4</b>	<b>18.4</b>	<b>16.5</b>	<b>1,290.0</b>	<b>1,290.0</b>	
<b>Financial<sup>1</sup></b>																								
K	Currency and deposits.....	.....	4.4	.....	.1	.....	.4	.....	*	.....	-1.6	.....	1.0	5.0	.....	.....	.2	.....	.2	*	.3	5.0	5.0	
L	Federal obligations.....	.....	.3	.....	1.1	.....	.6	.....	.....	5.2	.....	.....	1.8	.....	.9	.....	*	.....	-.2	.....	.6	5.2	5.1	
M	Mortgages.....	6.2	.6	1.3	.....	1.8	.5	.4	.....	.....	.3	.....	.....	.....	2.5	.....	2.1	*	3.7	.....	.....	9.8	9.8	
N	Corporate securities and State and local obligations.....	.....	3.2	6.7	.3	.....	-.6	.....	.....	.....	-.3	3.6	.3	.1	1.1	.....	6.5	.4	.3	.1	.1	10.9	10.8	
O	Other.....	4.5	4.4	-.6	.1	1.6	2.3	.6	*	.1	.2	.....	.....	.2	1.4	.3	.2	4.5	.9	.6	1.4	11.8	10.8	
P	<b>Total.....</b>	<b>10.7</b>	<b>12.9</b>	<b>7.4</b>	<b>1.6</b>	<b>3.5</b>	<b>3.2</b>	<b>1.0</b>	<b>*</b>	<b>5.3</b>	<b>-1.4</b>	<b>3.6</b>	<b>3.0</b>	<b>5.2</b>	<b>5.8</b>	<b>.3</b>	<b>9.1</b>	<b>5.0</b>	<b>5.0</b>	<b>.6</b>	<b>2.3</b>	<b>42.6</b>	<b>41.5</b>	
Q	<b>Grand total....</b>	<b>314.4</b>	<b>314.4</b>	<b>557.4</b>	<b>557.4</b>	<b>219.3</b>	<b>219.3</b>	<b>32.8</b>	<b>32.8</b>	<b>83.7</b>	<b>83.7</b>	<b>43.6</b>	<b>43.6</b>	<b>12.2</b>	<b>12.2</b>	<b>33.3</b>	<b>33.3</b>	<b>17.3</b>	<b>17.3</b>	<b>19.0</b>	<b>19.0</b>	<b>1,332.7</b>	<b>1,332.7</b>	
Memoranda:																								
R	GNP identifiable in J.....	.....	215.1	.....	29.5	.....	6.9	.....	6.9	.....	57.9	.....	24.4	.....	1.4	.....	*	.....	10.7	.....	-1.9	.....	350.9	
S	Bank credit in P.....	3.5	.....	.5	.....	1.2	.....	.6	.....	.9	.....	.7	.....	*	6.9	.....	.....	-.1	.....	-.2	.....	6.9	6.9	

\*Less than 50 million dollars.

<sup>1</sup>Financial sources of funds represent net changes in liabilities; financial uses of funds represent net changes in financial assets.

NOTE.—For contents of each line, see notes to summary tables, pp. 1123-24.

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among transactions. For instance, what sources of funds financed the 38 billion dollars of business capital investment? How did the Federal Government finance payments of 85 billion dollars when its tax receipts were 65 billion? How did insurance underwriters dispose of their 33 billion dollars of insurance premiums and investment income receipts? The general function of this summary table is to facilitate quick accounting answers to these and comparable questions.

Many readers will be interested in the amounts of gross national product, as presented in the national income accounts of the Department of Commerce, that are reflected in the nonfinancial transactions of the various flow-of-funds sectors. These are shown in line R of the table. The amounts shown for each sector include the pertinent elements of all components of GNP. The entry for the consumer sector, for example, reflects consumer purchases of new residential housing for owner-occupancy, which are part of the gross private domestic investment component of GNP, as well as the elements of personal consumption expenditures that are in the nonfinancial transactions of that sector.

It needs to be emphasized that the table serves only to bring together in summary form the many measurements compiled on flows of funds. It presents a highly simplified picture of the flow of funds through the economy in a single year. More significant information can be obtained by examining both the changing patterns of these flows over time and the substantially greater detail recorded in the full sector and transaction statements presented and described in the separate chapters of the report.

Data cast in the sector and transaction groupings adopted for the accounts provide

the bases for many different investigations of the functioning of the economy. They make it possible, for example, to observe changing patterns in utilization of credit and capital markets as fluctuations in production and consumption occur. The accounts indicate the financial channels and instruments used by each sector in accumulating financial assets and in financing expenditures. In particular, relationships of the banking system to the rest of the economy through changes in bank credit and the money supply are presented in the full context of each sector's sources and uses of funds. The scope of the accounts and their structural interdependence are designed to facilitate inquiry into how financial factors influence, and are influenced by, other economic developments.

The flow-of-funds record has already proved itself to be of value in these types of inquiry. By supplementing the accounts with collateral data, it has been possible to trace and evaluate changes in the structure of private debt since the end of the war. The record has been particularly helpful in identifying the economic groups borrowing, the types of expenditures financed by debt, the financial channels through which funds were obtained, and the relationship of the rise in debt to the commitment of income for servicing debt.

The structure has also contributed helpful perspective on current and prospective economic developments by providing a framework for integrating measures of income, consumption and capital expenditures, and borrowing and lending. The period for which the accounts have been developed—from 1939 to the present—is long enough for the record to be used in drawing some tentative inferences with respect to cyclical and trend relationships among spending, saving,

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and financing. Since the accounts are now available only on an annual basis, their application to observation of seasonal and other short-term fluctuations is limited. As the record goes forward and the frequency of recording increases, however, the usefulness of the accounts in evaluating trends will grow.

## ORGANIZATION OF THE ACCOUNTS

The organization of the flow-of-funds structure of accounts derives from its main objective, namely, to provide a comprehensive and systematic economic record that will facilitate study of the interrelations among financial and nonfinancial processes. Four basic principles of organization are applied in meeting this objective. First, transactors are grouped into sectors according to dominant economic characteristic. Second, transactions are grouped to distinguish types of goods or services bought or sold and channels of financing used. Third, each sector account is comprehensive with respect to the sector's use of credit and money. Finally, all sectors' flows of funds are classified in a broadly comparable pattern.

Basic principles, however, do not adequately define any national accounting system. Analytic orientation shapes not only the over-all framework of the system of accounts but also the treatment of each transaction recorded in the accounts. Frequently alternative treatments seem equally valid in terms of objectives of the system; even more frequently lack of data requires some compromising of general principles. It is only through a detailed study of the decisions made in constructing a comprehensive national accounting system—the choices of concept and statistical procedure—that the potential usefulness of the end product can be assessed.

Accordingly, the following description

sets forth some of the more important decisions that underlie the flow-of-funds accounts. Areas of decision discussed relate to the scope of the accounts, the classification of transactors, the classification of transactions, and other technical features.

## SCOPE OF THE ACCOUNTS

The flow-of-funds accounts include all transactions which (1) involve at least two separate economic units and (2) are effected through transfers of credit and money. This perspective results in the exclusion, so far as possible, of transactions internal to the accounts of a single economic unit, such as a corporation or a family, and of barter and imputed transactions.

Internal transactions are such bookkeeping transfers as allocations of funds to various reserve accounts, and interplant transfers among the establishments of a single enterprise. Such internal transactions are not recorded in the flow-of-funds system because they do not involve two separate economic units and are not effected through the transfer of money or credit.<sup>5</sup> Some of these internal entries, however, have economic significance. For example, charges to depreciation reserves directly affect tax liabilities and also have a bearing on investment, dividend, and other business policies of the economic unit. Similarly, charges to reserves for bad debts by financial institutions may exert an influence on credit availability. Business net income, although a significant influence on many business decisions, is not treated as a flow-of-funds transaction, since it is an entry on the books of a single transactor, transferring the net excess of credits over debits

<sup>5</sup> While the accounts do not record internal transactions of a single economic unit, transactions among the component units of each sector are recorded, except in the consolidated accounts for certain sectors—banking, the Federal Government, and the rest of the world.

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in the operating account of the business to some capital account of the same transactor.<sup>6</sup>

For many types of economic analysis, these internal transactions must be considered. Therefore, while they are excluded from the regular structure of accounts, several of the most important of them are shown as memorandum items or valuation adjustments in the appropriate sector accounts or in accompanying tables.

Since the flow-of-funds accounts are oriented toward transactions effected through the use of credit or money, barter or payments in kind and most imputed transactions are excluded. Thus imputations such as those related to the national income treatment of home ownership are not included in the flow-of-funds accounts.

The flow-of-funds accounts do, however, record some transactions in a form different from that given by the actual pattern of flows. Thus, although employers deduct withholding taxes from wages and transmit the taxes directly to the Government, the flow-of-funds accounts present the transaction as one in which gross wages are paid to employees and the employees in turn pay the tax to the Government. This treatment provides a more meaningful presentation of the distribution of direct tax payments among taxpayers.

Another transaction that is recorded in a form other than that in which it occurs is the payment of insurance premiums through brokers, who deduct commissions and expenses and remit the balance to the principal insurance company. In the flow-of-funds accounts the premium payments are recorded as going directly to the insurance company,

<sup>6</sup>It should be noted that while the flow-of-funds accounts do not record profits and net income as such, they do record on a gross basis the transactions with other transactors that, together with certain internal transactions, determine corporate profits and noncorporate net income.

with the company in turn remitting to the brokers the amounts due for brokers' charges.

The flow-of-funds transaction category "net withdrawals by proprietors" records transactions between unincorporated businesses and their proprietors as consumers. To the extent that proprietors make no separation or distinction between business and consumer accounts, this transaction category contains some imputations.<sup>7</sup>

## CLASSIFICATION OF TRANSACTORS

The grouping of economic units or transactors in the flow-of-funds system takes into account the nature and extent of their participation in financial flows as well as in transactions for goods and services. In light of the analytic objectives of the system, some groupings of transactors are obvious: businesses should be distinguished from consumers, and governments from both of these.

Such distinctions are essential, but others are also needed. Financial patterns of corporate and unincorporated businesses are sufficiently different to require separate accounts. Agriculture operates within an institutional complex substantially different from that relating to other types of business; the differences call for a separate accounting for farm business activities. Essential differences between the Federal Government and the State and local governments suggest the value of keeping separate records of their transactions. The importance of financial institutions in the problems to which the flow-of-funds accounts are addressed, and the differences in their portfolio management practices, require separate accounting for each of the major types of financial institutions—the banking system, insurance companies, other institutional investors—and

<sup>7</sup>This does not apply to all unincorporated business, as indicated in note 8 following.



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for the main components of each type.

In combining individual transactors into these sectors and subsectors, an attempt has been made to record all of the transactions—current and capital, financial and nonfinancial—of each transactor in a single sector account. In some cases, however, this is not feasible. For example, business activities of all unincorporated enterprises (other than farms) are recorded in one sector account, and the consumer activities of proprietors of these enterprises are recorded with those of other consumers in the consumer account. This involves some division of the activities of single transactors since the business and personal accounts of some proprietors are so commingled as to prevent any distinction or to make artificial any analytic separation.<sup>8</sup> Data for more satisfactory solutions to this problem are not available.

There is one other significant departure from the principle of recording all transactions of a given transactor in the same sector account, but this is the result of deliberate choice rather than lack of data. Certain credit and monetary activities of the Federal Government—the Postal Savings System, the Exchange Stabilization Fund, the gold account, the silver account, and other elements in Treasury currency accounting—are classified as part of the banking sector in the flow-of-funds structure, rather than as part of the Federal Government sector. Placing these accounts in the banking sector combines in one sector account all of the economy's monetary liabilities and reserves. This combination of activity and institutional sectoring has proved of value in clarifying relationships

<sup>8</sup> This difficulty relates primarily to sole proprietorships—enterprises with single owners—and to some extent to corporations entirely family owned. Presumably the accounts of partnerships, of corporations with dispersed ownership, and of many sole proprietorships make the distinction more clearly.

between bank credit and the money supply.

One penalty for sectoring along institutional lines is some degree of impermanence in the basic organization of the accounts. As new functional and institutional arrangements arise, the classification of sectors will have to be revised. This need has already been demonstrated; in the brief period since exploratory studies were first undertaken, several changes in sector structure have been made. Some of these have resulted from the changing availability of data; others—such as the separate subsector accounts provided for private pension systems and savings and loan associations—reflect recent growth in the importance of these institutions in channeling flows of funds.

## CLASSIFICATION OF TRANSACTIONS

The focus of the flow-of-funds accounts on the interrelations among financial and nonfinancial processes is a major determinant of the way in which transactions are classified. As a primary distinction in each sector account, financial transactions—transactions in financial assets and liabilities—are recorded separately from transactions in goods and services. Within each of these broad groups, further distinctions are made. Nonfinancial transactions that have greatest bearing on credit developments are distinguished in the sector accounts from others whose relationship to financial developments is more remote. In the financial area, the classifications distinguish different types of credit instruments, credit institutions, or borrower groups.

The definition of each transaction category is carried through uniformly in all sector accounts. As noted earlier, some 21 types of transactions are identified. They are defined, in general, so that the total flow of funds balances for each transaction category;

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that is, the sum of all sector payments equals the sum of sector receipts for each type of nonfinancial transaction, and net borrowing equals net lending for each type of financial transaction.

In addition, certain components of these major transaction groups are identified—in either sector or transaction accounts—where such detail is of value in analysis. Thus, supplementing the over-all record of flows of insurance premiums, there are separate subsidiary accounts for premium transactions under government insurance programs and private insurance contracts. Comparable detail is given for insurance benefits. Tax payments and receipts are cross-classified by type of tax, by level of government receiving the tax, and by sector paying the tax. Bank credit is identified by type of bank asset and by borrowing sector. A complete account of receipts and payments is presented for each of the major transaction classifications and subclassifications, and much of this detail is also given in individual sector accounts.

In addition to detail within the transaction classifications, the sector accounts in some cases show further transaction detail for which it is not possible to develop complete subsidiary transaction accounts, that is, transaction detail that cannot be identified in terms of both receipts and payments. This detail relates for the most part to business and consumer capital outlays. It is possible to indicate the sectors making such outlays, but it is not possible, in the available statistics on business sales, to identify by sector all the receipts arising from these expenditures. To make the accounts as useful as possible, these business and consumer capital outlays are recorded separately in the individual sector accounts, even though receipts from these transactions are not segregated. In addition,

some groupings of transactions in the sector accounts cut across the standard transaction classification system; this occurs mainly with respect to capital outlays.

In summary, the sector statements differ one from another with respect to the amount of detail shown. Some detail can be carried through all accounts but is included only where it has significance; some detail shown in certain accounts cannot be identified consistently throughout the structure. Because of space limitations, some of the pertinent detail is shown in the transaction accounts rather than in the sector accounts. The table on page 1095 shows the extent to which detail within the 21 major transaction categories is recorded in two of the major sector accounts—those for consumers and for corporate business. Items marked with an asterisk are presented in even more detail in the transaction accounts.

No one system of transaction classification, of course, can be pertinent for all possible applications of the accounts. Transaction groupings in the accounts are designed so that they can be easily rearranged to meet special needs. For example, the flow-of-funds accounts impose no specific concepts of saving or of investment on the data; the analyst is free to combine various transaction categories or subcategories into any of several saving or investment concepts in order to test particular hypotheses of behavior patterns.

While transactions in financial claims are distinguished, in general, from transactions in goods and services, some difficulties are encountered in trying to carry through this distinction consistently. One major problem arises in classifying flows between proprietors of unincorporated business and their enterprises. It is impossible to determine separately the amounts proprietors withdraw

## A FLOW-OF-FUNDS SYSTEM OF NATIONAL ACCOUNTS

TRANSACTION DETAIL SHOWN IN TWO SECTOR ACCOUNTS

Major transaction classifications	Detail shown in consumer sector account		Detail shown in corporate sector account	
	Sources	Uses	Sources	Uses
<b>Nonfinancial:</b>				
Payroll.....	Payroll	Payroll		Payroll
Interest.....	Interest*	Interest	Interest	Interest
Rents and royalties.....	Rents	Rents	Rents and royalties	Rents and royalties
Dividends and branch profits.....	Dividends		Dividends and branch profits*	Dividends and branch profits*
Net withdrawals by proprietors....	Net withdrawals by proprietors*			
Insurance premiums.....		Insurance premiums:		Insurance premiums:
		Private—		Employment
		Life, etc.		taxes*
		Other*		Other*
		Government*		
Insurance benefits....	Insurance benefits:		Insurance benefits*	
	Private—			
	Life, etc.*			
	Other*			
	Government*			
Grants and donations....	Grants and donations:	Grants and donations*	Grants and donations	Grants and donations*
	Fed. Govt.			
	State and local			
	Private*			
Taxes and renegotiations....		Taxes:*		Profits tax payments*
		Income*		Other taxes*
		Property		Renegotiations
		Other*		
Tax refunds.....	Tax refunds		Tax refunds	
Real estate transfers.....	Sales receipts: Homes Autos, etc.	Home purchases:	Real estate transfers	Capital expenditures:
		New*		Plant and equip-
		Existing		ment
Other goods and services....		Durable goods	Sales and receipts	Other
		Nondurable goods	from operations	Change in inventory
		"Other" services		Operating uses n.e.c.
<b>Financial:</b>				
Currency and deposits....		Currency and deposits:		Currency and deposits
		Time deposits		
Gold and Treasury currency.....				
Bank loans other than mortgages.....	Consumer credit from banks		Bank loans other than mortgages:	
	Security loans from banks		Commercial and industrial	
			Other*	
Federal obligations.....		Federal obligations*		Federal obligations*
State and local obligations.....		State and local obligations		
Corporate securities.....		Corporate securities	Corporate securities:	Corporate securities*
	Banks		Net bank pchses.	
	Other			
Mortgages....	Mortgages:	Mortgages	Mortgages:	
			Owed to banks	
Trade credit....	Consumer credit from nonbank lenders		Trade debt:	Trade credit:
			Federal Government advances and prepayments	Receivables from Federal Government
			Other trade debt	Other trade credit
Miscellaneous financial transactions....	Other security loans	Miscellaneous assets:	Miscellaneous liabilities	
	Policy loans	Savings and loan shares		
		Credit balances at brokers		
		Other*		

\*Indicates items for which more detail is given in transaction accounts or detailed tables accompanying them.

from their enterprises as reductions in capital and the amounts they withdraw as compensation for their managerial or labor functions. For an official of a corporate organization, it is possible to distinguish the salary he receives from any dividends he gets on

company stock he owns; in turn, these can be distinguished from proceeds of any sales of this stock or any payments made to acquire additional stock. For the proprietor of an unincorporated business, all of these flows must be combined, for statistics are not avail-

## A FLOW-OF-FUNDS SYSTEM OF NATIONAL ACCOUNTS

able to effect a separation. The flow-of-funds transaction category "net withdrawals by proprietors" is equivalent, therefore, to a mixture of several financial and nonfinancial flows.

The treatment of proprietors' incomes described above, while representing a departure from general classification principles used in the accounts, does not give rise to any statistical discrepancy in either sector or transaction accounts, for the transaction is classified and treated in the same way for both the paying and receiving sectors.

There are classification inconsistencies in the accounts related to the treatment of gold and silver. Gold and silver are products to the companies that mine them and raw materials to industrial and artistic users. To the banking system, however, these metals are part of the monetary base. This basic difference in significance for different groups in the economy is reflected in classification inconsistencies in the flow-of-funds accounts. Thus changes in the United States gold stock are considered to be financial transactions for the banking sector (and also for the rest of the world sector, if the gold is purchased from or sold to foreign countries) but sales of gold by domestic mining companies and domestic purchases of gold for industrial and artistic use are classified as nonfinancial transactions of the business sectors. Comparable differences exist in the case of silver, not only with respect to domestic production and industrial use but also with respect to imports. International transactions in silver are classified as nonfinancial rather than financial flows in both the conventional balance-of-payments statement and the flow-of-funds accounts.

These inconsistent classifications give rise to minor statistical imbalances that are compensating within transactions accounts and

do not contribute to any sector account discrepancies. The discrepancies in the gold and Treasury currency transaction account arising from the difference in classification are matched by part of the discrepancy in the transaction account for other goods and services.

## CROSS-CLASSIFICATION OF TRANSACTORS AND TRANSACTIONS

The extent to which specific participants in intersector flows can be identified in the accounts falls short of a complete "to-whom-from-whom" arrangement. Such an arrangement would be one in which each sector's disbursements and receipts are classified not only in terms of the types of activity involved, but also in terms of the sectors with which each type of transaction is effected. Statistical information currently available does not permit such complete identification of credit and money transactions.

Where data permit, specific identification is provided of the sectors to which particular payments are made or from which particular receipts have come. In the nonfinancial area, this identification is made in the transaction categories for payroll, insurance premiums and benefits, grants and donations, taxes, tax refunds, and net withdrawals by proprietors of unincorporated businesses. It is not possible, however, to provide all of this detail for the other nonfinancial transaction categories: interest, rents, dividends, real estate transfers, and purchases and sales of other goods and services.

Most financial flows of funds can be measured only in terms of net changes in stocks of assets and in liabilities, rather than in terms of gross flows of acquisitions and sales and extensions of credit and repayments. Since gross flows data are necessary in order to identify the sectors participating, it is not

## A FLOW-OF-FUNDS SYSTEM OF NATIONAL ACCOUNTS

possible to construct a "to-whom-from-whom" statement for financial transactions. However, a "who-owes-what-to-whom" arrangement of data has been constructed for many categories of financial transaction. This has been possible for transactions in which one sector alone is either the debtor or creditor, such as the transaction categories for currency and deposits, bank loans, Federal obligations, and State and local obligations, and also for components of other financial categories.

## TIMING OF THE ACCOUNTS

Another aspect of the flow-of-funds system to be considered is the timing basis for recording transactions in the accounts. Some transactions are recorded on a payments or cash accounting basis; that is, as of the time payment for the transaction is made. Others are recorded on an accrual basis; that is, entries are made as of the time payment is earned or an obligation is incurred.

For each type of transaction, the choice of timing basis rests on particular analytic considerations. Taxes are recorded in the accounts when received by the government because analysis of the impact of government financing on capital markets is facilitated by data recording fluctuations in government cash revenues. On the other hand, purchases and sales of goods are recorded on an accrual basis, that is, as of the time the title to goods is transferred and an obligation to pay arises, because the total volume of sales is considered to be a more significant economic fact than is the volume of cash receipts from sales. Also, the credit extensions in such accrual transactions give rise to financial instruments that may often be negotiable or capable of use as collateral for other borrowing. Measurements of fluctuations in trade credit—business, consumer, and government

—are an integral part of any picture of the total flow of funds through financial channels.

While both cash and accrual measures are used in the flow-of-funds accounts, the two are not combined in any given transaction. Thus insurance premium transactions are on a cash basis in both paying and receiving sector accounts, as of the time the premiums are received by the insurance sector. On the other hand, consumer purchases from business and the corresponding sales by business are recorded as of the time ownership is transferred.

The use of both cash payment and accrual bases of accounting does not give rise to discrepancies between receipts and payments for transaction accounts or for sector accounts so long as there is consistent timing of the four entries for each transaction. When consumers purchase goods from business on credit, the purchases enter the consumer sector account as nonfinancial uses of funds at the time consumers acquire title to the goods. At the same time, a source of funds is recorded in the consumer account to reflect the increase in consumer liabilities for the amounts owed to the seller. A corresponding sale simultaneously enters one of the business sector nonfinancial accounts as a source of funds and an increase in trade receivables is recorded as a business use of funds. Conceptually, the four entries for each transaction insure a balance in both the sector sources and uses of funds accounts and in the transaction receipts and disbursements accounts.

If both participants in each transaction recorded all entries simultaneously, no timing discrepancies would arise in the accounts. This concurrence is infrequent, however, and imbalances in the accounts result. For example, debtors usually reduce their records

## A FLOW-OF-FUNDS SYSTEM OF NATIONAL ACCOUNTS

of the amounts they owe when a check in payment is mailed, but creditors may not write down their comparable asset until after the check has been received. At any point in time, holder records of the amounts owned of a particular financial asset tend to differ from the sum of debtor records of the amounts owed.

This lack of simultaneity in recording debt repayments also introduces a discrepancy into another transaction account, that for currency and deposits. The debtor's record of his cash balance is immediately reduced by the amount of the check written; the creditor's record of his cash balance is not increased until the check is received; bank records of deposits are not changed at this stage of the transaction. Thus, the total liability for deposits as recorded in bank records tends to be larger than the sum of individual holder records of deposit balances by the amount of checks in the mail.

Other lags are also reflected in the flow-of-funds system. For example, withholding taxes deducted from wages by employers are recorded in the accounts as paid by consumers at the time they are withheld. However, some time usually elapses before the amounts withheld actually enter Treasury records because of the schedule according to which the withholdings are deposited by employers in Treasury accounts at depository banks or are transmitted to Internal Revenue collectors and thence to the Treasury. This, and other timing lags, resulted in a substantial discrepancy in the account for tax payments and receipts in 1943, when the withholding tax was first introduced, and in small discrepancies in subsequent years.

For the most part, timing discrepancies arise in cases of reliance on two sources of data for the same transaction. When the books of one participant to a transaction

serve as a basis for estimating the amount of the transaction for another sector, usually no timing discrepancy enters the accounts.

## NETTING IN THE ACCOUNTS

Another aspect of the system worthy of note is the extent of netting in the accounts, that is, the extent to which receipts or expenditures are recorded separately or have been offset against each other. For most analytic purposes, it is desirable to have available measures of receipts and disbursements on a gross basis. This is particularly true in dealing with aggregates for unlike types of transactors or transactions, for the net figure often conceals significant deviations in behavior.

The effect of fiscal policy on the economy, for example, can be appraised more clearly when Government revenues and expenditures are each considered separately than when only the net deficit or surplus is considered. Similarly, net changes in public or private debt may be an inadequate measure of the role of financial flows in the economy. Data on gross borrowing and debt repayments, as well as measures of the debt outstanding, are desirable in order to assess the relation of the financial situation to developments in production and expenditures.

Unfortunately, available data on gross flows are limited. This is particularly true in the financial area. In the nonfinancial area, it has been possible to construct gross measures for most types of transactions—wages, interest, dividends, rents, insurance, taxes, grants and donations, and “other goods and services.”

In the financial area, however, only net changes in each type of asset and liability can be carried through the accounts consistently. Measures are available of gross

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borrowing and repayment on certain types of financial instruments, but there are few, if any, measures of gross flows for each of the sectors participating. For example, the Securities and Exchange Commission provides estimates of gross new issues and gross retirements of corporate securities, but there exist only fragmentary data relating to the gross sales and purchases of these issues by the sectors investing in these securities. Gross home mortgage borrowing and apparent retirements of home mortgages can be estimated with some degree of confidence, but there are few statistical clues to provide even a crude measure of the gross turnover of mortgages on nonresidential and multi-family properties in specific lender portfolios.

For an interlocking system of accounts measuring the flow of funds through the financial as well as the nonfinancial sectors of the economy, the only practical expedient in view of the limited availability of gross financial flows is to use net changes in each type of asset and debt to represent flows of financial funds. In application to problems of analysis, however, the accounts can be supplemented by the data on gross financial flows that are available.

## COMBINATION AND CONSOLIDATION IN THE ACCOUNTS

Most sector accounts record intrasector as well as intersector flows of funds. In other words, most sector accounts are on a combined as distinct from a consolidated basis. For example, transactions among consumers such as payment of wages to domestic servants, or mortgage loans extended by one consumer to another, are included in the consumer sector account. Transactions among corporate businesses or among farm busi-

nesses are also included in the corporate and farm business sector accounts, respectively.

Inadequacies in basic statistics prevent estimation of all intrasector flows within the consumer and business sectors. Thus, there are no measures of interbusiness exchanges of existing plant and equipment in the accounts, nor of the flows among consumers of gifts or short-term loans. To the extent that data permit, intrasector transactions are recorded in the following sector accounts: consumer, corporate business, noncorporate business, farm business, State and local governments, insurance, and other investors.

There are three sector accounts—banking, Federal Government, and rest of the world—that have been recorded on a consolidated basis rather than on a combined basis. This has been done in order to highlight the significance of the activities of these sectors with respect to other sectors of the economy. The banking sector account is a consolidated statement for all components of the banking and monetary system. Transactions among these components, particularly between the Federal Reserve System and the private banking system, are given in subsector accounts, but the full sector account shows only transactions between the banking and monetary system and the other sectors. Similarly, the Federal Government sector account is on a consolidated basis. Transactions among various branches of the Government are not shown, in order that transactions of the Federal Government with other sectors may be more clearly indicated. Finally, the rest of the world sector account is a consolidated statement, recording transactions of foreign countries with the United States. Transactions among foreign countries, which do not enter directly into the United States balance of payments, are not shown.

## A FLOW-OF-FUNDS SYSTEM OF NATIONAL ACCOUNTS

CONTRAST WITH OTHER NATIONAL  
ACCOUNTING SYSTEMS

The principles of sector organization and transaction coverage and classification described above broadly distinguish the flow-of-funds accounts from other national accounting systems which have different aims. In part, the differences reflect the different analytic orientations of the various systems. Both the national income accounts and the interindustry accounts (also known as the input-output accounts) focus on transactions in goods and services. The objective of the national income system of accounts is to measure the market value of current productive activities and the distribution of this value among the factors of production. The focus of the input-output accounts centers on interindustry technological relationships—in other words, the interdependence of the structure of production. Financial flows, such as transactions in cash balances, securities, or other financial instruments, are not recorded in either system.

Neither of these accounting systems is organized primarily in terms of groupings of whole decision-making units. No attempt is made in these systems to record all the activities of each economic unit in a single account. In fact, the separation of activities of given units is a central characteristic of the organization of these systems.

In the input-output structure, the main system of classification distinguishes industries, products, or industrial processes. Thus, transactions of a multiproduct enterprise may be allocated to several industrial classifications, by product where feasible, by establishment where necessary. Processes and products may be divorced from the enterprise if greater stability of technological relationships can thus be obtained.

In the national income accounts, classi-

fication is based on a combination of activity and economic unit consideration. The focus of the national income structure is on production and on utilization of resources for both current consumption and additions to capital goods. These are the main classification bases of the structure. Transactions representing utilization of resources for current consumption, such as consumer expenditures for food or clothing, or business current outlays for wages and salaries, are recorded in sector accounts broadly akin to the groupings in the flow-of-funds accounts. Transactions in capital items—investment in plant and equipment by business and home purchases by consumers, however, are consolidated into a single account in which are recorded investment activities of all private sectors of the economy.

The focus of the flow-of-funds accounts on the interplay between financial and non-financial factors in the economy results in a substantially different selection and organization of economic data from those found in these other widely used systems of national accounts. The inclusion of transactions in existing assets and in financial claims, the inclusion in each sector account of all transactions in which the components of the sector engage, and the grouping of economic units so as to distinguish participants in credit as well as goods and service transactions reflect the analytic orientation of the system, an orientation toward problems in which economic decisions are influenced by flows and stocks of financial claims as well as by current production, income, and consumption.<sup>9</sup>

<sup>9</sup> A more complete discussion of the differences among the national income accounts, the input-output accounts, and the flow-of-funds accounts is given in a paper by Stanley J. Sigel, "A Comparison of the Structures of Three Social Accounting Systems," included in *Studies in Income and Wealth*, Vol. 18, National Bureau of Economic Research, New York, 1955.



## A FLOW-OF-FUNDS SYSTEM OF NATIONAL ACCOUNTS

These general differences among the systems as a whole are reflected in specific differences between particular series in the flow-of-funds accounts and related series in other systems. These specific differences are discussed in the next section.

## METHODS USED IN COMPILING THE ACCOUNTS

The flow-of-funds accounts as presently constructed have been developed from available statistical series; no special direct compilations of new data have been made. Extensive adaptation of existing series has been required, however, to make use of them in the accounts. It has also been necessary to estimate some figures from sample and benchmark data, and in some cases from quite fragmentary evidence using crude methods of estimation.

A great variety of sources of data has been utilized in compiling accounts. The most important single source of data on nonfinancial transactions has been the statistical material underlying the national income accounts. Through the generosity of officials of the National Income Division of the Office of Business Economics of the United States Department of Commerce, basic statistics used in compiling their national accounts have been made available for rearrangement into sector and transaction categories for the flow-of-funds system.

Data compiled by many other Government agencies have also been used. United States Treasury data, both those pertaining to operations of the Federal Government and those obtained from tabulations of tax returns, have been a key source of information. Financial materials compiled by the Securities and Exchange Commission and the Housing and Home Finance Agency, as well as the banking and other financial data compiled by the Federal Reserve Sys-

tem, the Comptroller of the Currency, and the Federal Deposit Insurance Corporation, have provided a foundation for the financial components of the flow-of-funds accounts. Other sources have included various Census compilations, Spectator insurance reports, Department of Agriculture occasional and recurrent studies, and others too numerous to list here.

Construction of the accounts has been mainly a task of integrating this mass of data into the framework of the flow-of-funds system—assigning transactions to appropriate sectors, adjusting transactions to appropriate timing bases, eliminating duplicate transactions, and filling transaction gaps.

The differences between flow-of-funds series and comparable series in other statistical compilations can be classified into a number of types. These types of differences are described and illustrated below. This classification of differences is applicable both to the derivation of flow-of-funds series and to the comparison of these series to published data not used in their derivation. In most cases the illustrations contrast usage of data in the consumer sector of the flow-of-funds accounts with usage in the personal sector of the national income accounts.

**Transaction coverage adjustments.** Since the scope of the flow-of-funds system is wider than that of the accounts from which source data are obtained, it is often necessary to supplement these sources with other information. In the national income accounts, for example, transactions in land and existing homes are not measured, for these are not a part of current productive activity that it is the purpose of these accounts to describe. The significance of such transactions for financial analysis requires their inclusion in the flow-of-funds record. Estimates of consumer purchases of existing homes and of

## A FLOW-OF-FUNDS SYSTEM OF NATIONAL ACCOUNTS

the cost of land for new homes, accordingly, are utilized to supplement the measurements of consumption expenditures and construction activity in the national income system in deriving the consumer sector account in the flow-of-funds system.

**Transaction classification adjustments.** There are a number of differences in the classification and grouping of transactions as between the flow-of-funds accounts and the national income accounts. In the latter system, for example, some consumer purchases of services from governmental units, such as payments for tuition to State universities, or fees paid to public hospitals, are classified in the category "personal taxes and nontaxes," rather than with the comparable purchases from private enterprises which are classified as consumption expenditures. In the flow-of-funds consumer sector, payments for services, whether to governments or businesses, are combined in a single transaction category.

**Sector coverage adjustments.** There are also differences in the groupings of transactors between the flow-of-funds and other accounting systems. For example, the personal sector account in the national income structure includes expenditures by nonprofit institutions and disbursements by pension plans as well as those by consumers. In the flow-of-funds system, separate sector accounts are provided for the receipts and disbursements of nonprofit organizations, pension plans, and consumers.

**Sector allocation adjustments.** These adjustments result from differences in the allocation of transactions to sectors, even where comparable groupings of transactors exist. In the national income accounts, operating and maintenance expenditures on owner-occupied homes—including interest payments on mortgages—are classified as payments by

the business sector rather than by the personal sector. In the flow-of-funds accounts, expenditures for home ownership and maintenance paid by owner-occupants are classified as payments by the consumer sector.

**Netting adjustments.** To the extent possible, nonfinancial transactions are recorded on a gross basis in the flow-of-funds accounts. In the data sources used in compiling the flow-of-funds accounts, receipts and expenditures are sometimes offset against each other. For example, in the personal sector of the national income system, tax refunds received by persons are netted against their tax payments. Such tax payments and the refunds are treated on a gross basis in the consumer sector account of the flow-of-funds structure.

**Consolidation adjustments.** These adjustments refer to the extent to which inter-unit flows within each sector are recorded in the accounts. For example, as noted above, the national income account for the personal sector consolidates the activities of nonprofit organizations with those of consumers. In this consolidation, flows between component groups of the sector are eliminated. Thus, personal donations to, and grants from, philanthropic institutions are not recorded in the national income accounts, nor are consumer purchases of services from schools, hospitals, and other nonprofit institutions. In the flow-of-funds accounts, philanthropic, religious, educational, and other nonprofit organizations are classified in the sector account for other institutional investors, and transactions of these groups with consumers are specifically recorded.

**Timing adjustments.** Transactions are sometimes entered in the flow-of-funds accounts on a different timing basis than that employed in other national accounting systems. For instance, armed forces leave bonds issued to enlisted men in connection

## A FLOW-OF-FUNDS SYSTEM OF NATIONAL ACCOUNTS

with their World War II services are recorded in the personal sector account of the national income system as transfer payments received by persons as of the time these bonds were redeemed. In the flow-of-funds accounts, they are recorded as consumer receipts as of the time the bonds were issued.

**Adjustments for valuation differences.** Some transactions are recorded in the flow-of-funds accounts with valuations different from those in other accounting systems. An example is the difference in recording changes in farm inventories as between the national income accounts and the flow-of-funds accounts. In the national income accounts, changes in farm inventories are estimated as the market value of the change in physical stocks. In the flow-of-funds accounts, the change is valued on a cost basis, comparable to the basis used in recording nonfarm inventory changes in both the flow-of-funds and the national income systems.

**Adjustments for differing estimates.** Some measurements incorporated in the flow-of-funds accounts differ statistically from measurements of the same transactions in other accounting systems, even though no difference in concept is evident. Such differences can be illustrated from the business investment area. Flow-of-funds measures of business capital outlays are derived from the Securities and Exchange Commission-Department of Commerce survey of plant and equipment expenditures. The measures of analogous expenditures in the national income system are derived from a combination of sources that are independent of the SEC-Commerce data for most years. After allowance for conceptual differences between the two series there remains a statistical difference that must be recognized in reconciling the national income and flow-of-funds accounts.

## ILLUSTRATION OF ADAPTATION OF DATA

Tables are presented in the report in connection with the sector and transaction accounts explaining relationships between flow-of-funds series and corresponding series in other accounting systems and in other bodies of statistical compilations. The detailed differences between series are grouped in terms of the types of adjustments discussed above.

An illustration of the relationship tables and of the adaptation of existing data to flow-of-funds accounting is given in the tables on page 1104. These tables show the steps necessary to move from the national income accounts measures of personal income and personal consumption expenditures to the flow-of-funds measures of consumer nonfinancial receipts and expenditures. The figures, which pertain to 1950, indicate the order of magnitude of the different types of adjustments made.

Many of the other relationship tables presented throughout the report are also comparisons between flow-of-funds concepts and series and national income system concepts and series. In addition, other comparisons between these two systems can be made by appropriate identification of lines in the flow-of-funds accounts rather than in relationship tables. Relationships to the national income system are not brought together in any single place but are shown in the appropriate chapters of the report.

## REVISION OF ESTIMATES

In the preparation of this report for publication, it was necessary to set a relatively early cut-off date for the figures used. The tables in the report incorporate data that were available at the end of 1954; they do not reflect revisions and new data that have become available since that time.

RELATIONSHIP OF CONSUMER NONFINANCIAL SOURCES OF FUNDS IN FLOW-OF-FUNDS ACCOUNTS  
TO PERSONAL INCOME IN NATIONAL INCOME ACCOUNTS, 1950

[In billions of dollars]

<b>A</b>	<b>Personal income in national income accounts</b>	<b>227.0</b>
<i>Adjustments for differences in transaction coverage:</i> <sup>1</sup>		
B	Minus: Imputed and in-kind income in wages and salaries and in interest	6.7
C	Minus: Imputed and in-kind income in proprietors' and rental income	5.4
D	Plus: Interest on tax refunds	.1
E	Plus: Receipts from sales of homes, cars, and other goods	16.1
F	Plus: Benefits from private life insurance annuity and retirement programs <sup>2</sup>	4.0
G	Plus: Benefits netted against nonlife insurance premiums in personal consumption expenditures <sup>3</sup>	1.7
<i>Adjustment for differences in timing:</i>		
H	Plus: Net issues of armed forces leave bonds and adjusted service bonds	-
<i>Adjustments for differences in consolidation:</i>		
I	Plus: Grants and donations received from nonprofit organizations	
J	Plus: Insurance benefits received from self-administered pension plans	
<i>Adjustments for differences in transaction classification:</i>		
K	Minus: Consumer bad debts in personal income	
L	Plus: Personal contributions for social insurance deducted in calculation of personal income	2.
<i>Adjustments for differences in sector coverage:</i>		
M	Minus: Interest, dividends, and transfer payments received by nonconsumers in personal sector of national income accounts <sup>4</sup>	1.
N	Minus: Employer contributions to self-administered pension plans	.1
<i>Adjustments for differences in sector allocation:</i>		
O	Minus: Interest receipts of nonfinancial nonfarm noncorporate business	.1
P	Minus: Employer contributions to insured pension plans and insurance programs	1.4
Q	Minus: Net funds left in and invested in noncorporate businesses by consumer sector	.1
R	Plus: Benefits from real property insurance received by nonfarm home owner-occupants	.2
<i>Adjustments to put net items on gross basis:</i>		
S	Plus: Tax refunds	1.7
T	Plus: Personal cash remittances from abroad netted in personal consumption expenditures	*
<b>U</b>	<b>Equals: Consumer nonfinancial sources of funds in flow-of-funds accounts</b>	<b>238.6</b>

NOTE.—Details may not add to totals because of rounding. \*Less than 50 million dollars.

<sup>1</sup>Government benefit payments under deposit insurance programs are too small to be shown separately but are reflected in line U.

<sup>2</sup>Excludes benefits received from self-administered pension plans, which are entered as line J below.

<sup>3</sup>Benefits from private insurance policies covering automobiles and other personal property and from accident and health and hospitalization policies. Benefits from life insurance, real property insurance, and private pension plans are included in other adjustments to personal income on lines F, J, and R.

<sup>4</sup>Consists of interest, dividend, and transfer receipts of nonprofit organizations; interest received by self-administered pension plans; profits of Military post exchanges, Navy exchanges and ships' stores.

RELATIONSHIP OF CONSUMER NONFINANCIAL USES OF FUNDS IN FLOW-OF-FUNDS ACCOUNTS  
TO PERSONAL CONSUMPTION EXPENDITURES IN NATIONAL INCOME ACCOUNTS, 1950

[In billions of dollars]

<b>A</b>	<b>Personal consumption expenditures in national income accounts</b>	<b>194.0</b>
<i>Adjustments for differences in transaction coverage:</i>		
B	Minus: Imputed expenditures for food, clothing, shelter and services <sup>1</sup>	19.6
C	Minus: Imputed expenditures for cost element in life insurance premiums <sup>2</sup>	2.0
D	Plus: Insurance premiums for private life insurance, annuity and retirement programs <sup>3</sup>	6.6
E	Plus: Nonlife insurance benefits netted against premiums in personal consumption expenditures	1.7
F	Plus: Purchases of existing houses <sup>4</sup>	12.9
G	Plus: Gross purchases of used goods from dealers less dealers' margins included in A	3.6
<i>Adjustment to put net items on a gross basis:</i>		
H	Plus: Personal cash remittances from abroad netted in personal consumption expenditures	
<i>Adjustments for differences in consolidation:</i>		
I	Plus: Purchases from nonprofit organizations	3.3
J	Plus: Grants and donations to nonprofit organizations	4.2
K	Plus: Insurance premiums to self-administered pension plans	.3
<i>Adjustment for differences in sector coverage:</i>		
L	Minus: Current expenditures of nonprofit organizations in personal consumption expenditures	6.7
<i>Adjustments for differences in transaction classification:</i>		
M	Plus: Taxes paid by consumers in flow-of-funds accounts <sup>5</sup>	23.9
N	Plus: Payments to public institutions included with personal taxes and nontaxes in national income accounts	1.0
O	Plus: Consumer contributions for social insurance in flow-of-funds accounts <sup>6</sup>	2.9
<i>Adjustments for differences in sector allocation:</i>		
P	Minus: Premiums for accident and health and group hospitalization insurance paid by business	.5
Q	Plus: Operating expenses of nonfarm owner-occupied homes <sup>7</sup>	5.3
R	Plus: Purchases of new homes (including land costs)	10.7
<b>S</b>	<b>Equals: Consumer nonfinancial uses of funds in flow-of-funds accounts</b>	<b>241.6</b>

NOTE.—Details may not add to totals because of rounding. \*Less than 50 million dollars.

<sup>1</sup>Includes imputed purchases of services of financial intermediaries other than life insurance companies.

<sup>2</sup>Equal to those operating expenses of life insurance companies and fraternal orders arising in handling of life insurance policies.

<sup>3</sup>Excludes premiums paid to self-administered pension plans, which are entered on line K.

<sup>4</sup>Gross prices paid by buyers. Includes also sellers' payments of commissions to real estate brokers.

<sup>5</sup>The relationship between personal taxes and nontaxes in national income accounts and consumer taxes in flow-of-funds accounts is described in the report.

<sup>6</sup>Equal to "personal contributions for social insurance" in the national income accounts.

<sup>7</sup>Maintenance and repair costs, mortgage interest, real property insurance premiums, and premiums for Federal Housing Administration insurance on home mortgages. Taxes on owner-occupied properties are included in line M.

## A FLOW-OF-FUNDS SYSTEM OF NATIONAL ACCOUNTS

The problem of statistical revision is a continuing one. For recent years in particular, many data represent preliminary estimates pending the availability of final benchmark information. For example, *Statistics of Income*, an important benchmark source of data, is published annually by the Internal Revenue Service from tax-return tabulations. These tabulations are usually published about two years after the close of the calendar year. When they become available final estimates dependent on tax data are made for the year covered, and the preliminary estimates for following years are adjusted to reflect the new tax-return information. Revisions are necessary over longer periods of years when new Censuses become available and when data are gathered on previously unexplored parts of the economy.

It is also reasonable to expect that in the future there will be modification in the structure of the accounts or alterations in the type of detail shown as changes occur over time in the relative importance of types of transactor or transaction and as new sources of data and calculation techniques become available.

## SUMMARY

The key features of the flow-of-funds accounts may be summarized as follows:

1. The accounts include all transactions that involve at least two separate economic units and that are effected through transfers of credit or money. They exclude barter, bookkeeping transfers among the internal accounts of a single transactor, and imputed transactions. Some of the internal transfers excluded from the accounts proper are recorded as memoranda.

2. Measures of the flow of funds are organized into sources and uses statements for 10

major sectors of the economy. These sectors divide the economy in terms of types of economic unit rather than types of activity. In general, all transactions of an economic unit are recorded in a single sector account. There are two exceptions to this general rule. First, the business activities of proprietors of noncorporate enterprises are separated from their activities as consumers. Second, certain Federal monetary funds are recorded in the banking sector account rather than in the Federal Government sector account.

3. Similar transactions are grouped together. The main system for classifying transactions is a balancing one that measures receipts and payments for each kind of transaction consistently throughout all sector accounts. There are 12 categories of nonfinancial transactions representing purchases and sales of goods and services, returns on investments, insurance, tax payments, and transfers for charitable and similar purposes. There are 9 categories of financial flows, representing net changes in major types of financial claims.

For many problems, it is desirable to have a breakdown of these balancing categories into significant components. Therefore, balancing subcategories are provided for many of the transaction accounts. For others, identical breakdowns cannot be carried through for all sector accounts, but detail useful in analysis is presented in the sector accounts to the extent possible.

4. For certain kinds of transaction it is possible to trace each sector's dealings with other sectors. This type of "to-whom-from-whom" arrangement of the data is presented for several of the nonfinancial transaction categories, and "who-owes-what-to-whom" arrangements are presented for a number of the financial transaction groups. Because the necessary data are not available, it is not pos-

## A FLOW-OF-FUNDS SYSTEM OF NATIONAL ACCOUNTS

sible to carry through this organization of the data completely.

5. The flow-of-funds accounts utilize both payment and accrual accounting. Some transactions are recorded on a payments basis (as of the time of cash settlement), while others enter on an accrual basis (as of the time an obligation to pay is incurred). Objectives of the accounts determine the basis used to record each type of transaction. Once the appropriate timing basis is determined for a transaction category, it is applied uniformly, with minor exceptions, throughout all sector accounts. Financial transactions reflect the timing bases on which the nonfinancial transactions are recorded. For example, purchases on credit are reflected at full value in the nonfinancial transaction entries, and a concomitant increase is recorded in the financial asset and liability entries for the debt arising in the transaction. The variety of time bases used does not in itself introduce discrepancies between the sources and uses of funds for any sector account, or between receipts and payments in any transaction account.

6. Gross flows of funds are recorded for most nonfinancial transactions, but only the net changes in each type of financial asset and liability are incorporated in the sector accounts. Some measures of gross financial flows are available. These are not in sufficient detail, however, to be carried through consistently in both debtor and creditor sector accounts.

7. Measurements shown in the accounts

are derived by adapting existing data to the definitional criteria of the flow-of-funds accounting system. Where source data have been inadequate, it has been necessary to prepare special estimates. In some areas, as in the noncorporate business sector, estimating procedures have had to be relatively crude. The user of the accounts is cautioned to become familiar with the flow-of-funds statistical and accounting procedures explained in detail in the report.

A comprehensive system of national accounts serves to highlight important statistical gaps and thereby to stimulate and direct efforts to improve the quantitative information available. At the same time, even blank cells in a structure of accounts aid in preventing omission from consideration of such qualitative information as may be brought to bear on the unmeasured cells.

8. The structure of the flow-of-funds accounts is intended to reflect those functional and institutional features of importance in analyzing the role of financial factors in economic fluctuation and growth. As these features change, it has been, and will continue to be, necessary to modify the structure of the accounts. Also as new data are collected and improvements made in existing data, the estimates incorporated in the flow-of-funds accounts will be revised.

9. The organization of accounts is directed to the economy of this country; it is not applicable without modification to other economies in which institutional structures and available data differ markedly.

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SUMMARY OF FLOW-OF-FUNDS ACCOUNTS FOR 1939

S = Sources of Funds, U = Uses of Funds

(Annual flows, in billions of dollars)

Sectors		Consumer		Business						Government				Financial institutions						Rest of the world		Total	
				Corporate		Non-corporate		Farm		Federal		St. and loc.		Banking		Insurance		Other					
Transactions		S	U	S	U	S	U	S	U	S	U	S	U	S	U	S	U	S	U	S	U		
Nonfinancial																							
A	Payroll.....	45.3	1.0	.....	26.8	.....	6.2	.....	.8	.....	4.0	.....	4.2	.....	.6	.....	.8	.....	1.1	.....	*	45.3	45.3
B	Receipts from and payments on investment.....	18.3	6.0	4.7	9.8	7.0	11.9	.4	3.5	.4	1.2	.2	.9	2.0	.8	1.4	.1	.6	.5	.2	.5	35.3	35.3
C	Insurance and grants.....	6.3	6.5	.3	2.3	.2	.7	.7	.1	1.8	2.9	4.1	4.2	*	.1	6.4	4.0	1.3	.4	.2	*	21.2	21.2
D	Taxes and tax refunds.....	*	2.9	*	6.3		2.3		.4	4.5	.1	7.7			.1		.2		*		*	12.3	12.3
E	Capital acquisitions.....	2.7	11.3		5.4	.4	1.8	-.1	.8	*	.6		2.1	*	*	*	.2	.3					
F	Net change in inventories.....				.3		.1		-.1														
G	New fixed capital.....		8.0		5.0		1.7		.9		.5		2.1		*		*	.3				192.6	193.9
H	Other capital acquisitions.....	2.7	3.4		.1	.4	*	-.1		*	*			*				.2					
I	Purchases and sales of other goods and services.....	.....	45.5	124.5	80.2	49.8	33.8	8.0	2.8	.7	1.6	1.6	2.2	.3	.1	.2	.9	1.1	.8	3.1	3.7		
Total.....		72.6	73.1	129.5	130.8	57.4	56.7	8.9	8.4	7.5	10.3	13.7	13.6	2.3	1.7	8.0	6.0	3.2	3.0	3.6	4.3	306.7	308.0
Financial <sup>1</sup>																							
K	Currency and deposits.....	.....	2.7	.....	1.0	.....	.4	.....	.2	.....	-.7	.....	-.1	5.2	.....		.3	.....	.2	.2	1.0	5.2	5.0
L	Federal obligations.....	.....	.2	.....	*	.....	*	.....		2.1	.....		.1	.....	1.5	.....	.5	.....	-.2	*		2.1	2.2
M	Mortgages.....	.6	.1	.2	.....	-.2	-.2	-.2	.....		-.2	.....		.....	.3	.....	.2	*	.....			.4	.4
N	Corporate securities and State and local obligations.....	.....	-.8	-.5	.1	.....	*	.....			-.1	.1	*	-.1	-.4	.....	.9	*	-.2	-.1	-.1	-.5	-.5
O	Other.....	.6	.3	1.1	.7	.1	.3	-.1	.....	*	.2	.....		-.1	3.9	.1	-.1	.3	.2	-.4	-2.8	1.7	2.7
P	Total.....	1.2	2.5	.8	1.9	-.1	.4	-.3	.2	2.1	-.7	.1	.1	5.0	5.3	.1	1.8	.3	.2	-.3	-1.8	9.0	9.9
Q	Grand total...	74.1	74.1	130.3	130.3	57.4	57.4	8.6	8.6	9.6	9.6	13.8	13.8	7.3	7.3	8.1	8.1	3.5	3.5	3.3	3.3	316.0	316.0
Memoranda:																							
R	GNP identifiable in J.....	.....	61.5	.....	5.8	.....	2.0	.....	1.9	.....	5.1	.....	8.0	.....	.5	.....	*	.....	2.6	.....	.7	.....	88.1
S	Bank credit in P.....	.3		.2	.....	-.1	.....	*	.....	1.5	.....	.2	.....	*	2.0	.....		-.1	.....	-.1	.....	2.0	2.0

\*Less than 50 million dollars.

<sup>1</sup>Financial sources of funds represent net changes in liabilities; financial uses of funds represent net changes in financial assets.

NOTE.—For contents of each line, see notes to summary tables, pp. 1123-24.

SUMMARY OF FLOW-OF-FUNDS ACCOUNTS FOR 1940

S=Sources of Funds, U=Uses of Funds  
(Annual flows, in billions of dollars)

Sectors		Consumer		Business						Government				Financial institutions						Rest of the world		Total	
				Corporate		Non-corporate		Farm		Federal		St. and loc.		Banking		Insurance		Other					
Transactions		S	U	S	U	S	U	S	U	S	U	S	U	S	U	S	U	S	U	S	U		
<b>Nonfinancial</b>																							
A	Payroll.....	49.1	1.0		29.7		6.8		.8		4.0		4.3		.6		.8		1.1		*	49.1	49.1
B	Receipts from and payments on investment.....	19.9	6.3	4.9	10.1	7.3	13.2	.4	3.8	.4	1.3	.2	.9	2.0	.8	1.4	.1	.6	.4	.2	.6	37.4	37.4
C	Insurance and grants.....	6.7	6.7	.3	2.6	.3	.7	.6	.1	2.1	3.0	4.1	4.5	*	.1	6.7	4.2	1.3	.4	.3	.1	22.4	22.5
D	Taxes and tax refunds.....	*	3.1	.1	7.1		2.5		.4	5.3	.1	8.1					*		*			13.4	13.4
E	Capital acquisitions.....	3.7	13.9		8.0	.4	2.4	-.1	1.3	.1	1.0		1.7	*	*	*	*	.2	.2	.2			
F	Net change in inventories.....				1.6		.3																
G	New fixed capital.....		9.4		6.3		2.1		1.0		1.0		1.7		*		*		.3				
H	Other capital acquisitions.....	3.7	4.5		.1	.4	*	-.1		.1	*			*		*		.2				213.3	214.1
I	Purchases and sales of other goods and services.....		48.1	139.7	88.5	53.6	35.8	8.1	2.9	.7	1.3	1.8	2.3	.3	.2	.2	1.0	1.2	.8	3.4	4.6		
	<b>Total.....</b>	<b>79.4</b>	<b>79.1</b>	<b>145.0</b>	<b>146.1</b>	<b>61.5</b>	<b>61.3</b>	<b>9.1</b>	<b>9.3</b>	<b>8.6</b>	<b>10.6</b>	<b>14.3</b>	<b>13.7</b>	<b>2.3</b>	<b>1.8</b>	<b>8.4</b>	<b>6.3</b>	<b>3.3</b>	<b>3.1</b>	<b>3.9</b>	<b>5.3</b>	<b>335.8</b>	<b>336.6</b>
<b>Financial<sup>1</sup></b>																							
K	Currency and deposits.....		2.1		2.2		.7		.2		-.6		.4	6.9			.3		.1	*	.7	6.9	6.1
L	Federal obligations.....		.5		-.2		*			2.3			.1		1.4		.6		-.1		*	2.3	2.4
M	Mortgages.....	1.1	.1	.1		-.1	.1	-.1			-.1				.3		.3		.3			1.0	1.0
N	Corporate securities and State and local obligations.....		-.7	-.3	-.1		.1			.1	.3	.2	-.1	*			.9		-.3	*	-.2	*	*
O	Other.....	.7	.4	1.8	1.9	.3	-.6	.4	*	.1	1.0			.5	5.7	.2	-.2	.2	.1	-.2	-3.2	3.9	5.0
P	<b>Total.....</b>	<b>1.8</b>	<b>2.4</b>	<b>1.6</b>	<b>3.8</b>	<b>.2</b>	<b>.3</b>	<b>.4</b>	<b>.2</b>	<b>2.5</b>	<b>.4</b>	<b>.3</b>	<b>.7</b>	<b>7.3</b>	<b>7.5</b>	<b>.2</b>	<b>1.9</b>	<b>.2</b>	<b>.2</b>	<b>-.2</b>	<b>-2.8</b>	<b>14.2</b>	<b>14.6</b>
Q	<b>Grand total.....</b>	<b>81.5</b>	<b>81.5</b>	<b>146.6</b>	<b>146.6</b>	<b>61.8</b>	<b>61.8</b>	<b>9.4</b>	<b>9.4</b>	<b>11.0</b>	<b>11.0</b>	<b>14.6</b>	<b>14.6</b>	<b>9.6</b>	<b>9.6</b>	<b>8.6</b>	<b>8.6</b>	<b>3.5</b>	<b>3.5</b>	<b>3.7</b>	<b>3.7</b>	<b>350.3</b>	<b>350.3</b>
Memoranda:																							
R	GNP identifiable in J.....		65.9		8.5		2.6		2.4		5.9		7.7		.4		*		2.7		1.4		97.6
S	Bank credit in P.....	.7		.7		-.1		.2		1.4		.3		*	3.0			-.1		-.1		3.0	3.0

\*Less than 50 million dollars.  
<sup>1</sup>Financial sources of funds represent net changes in liabilities; financial uses of funds represent net changes in financial assets.  
NOTE.—For contents of each line, see notes to summary tables, pp. 1123-24.



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SUMMARY OF FLOW-OF-FUNDS ACCOUNTS FOR 1941

S=Sources of Funds, U=Uses of Funds

(Annual flows, in billions of dollars)

Sectors			Consumer		Business						Government				Financial institutions						Rest of the world		Total	
					Corporate		Non-corporate		Farm		Federal		St. and loc.		Banking		Insurance		Other					
Transactions			S	U	S	U	S	U	S	U	S	U	S	U	S	U	S	U	S	U	S	U		
Nonfinancial																								
A	Payroll.....	61.0	1.0	.....	38.0	.....	8.5	.....	1.0	.....	5.3	.....	4.5	.....	.6	.....	.8	.....	1.2	.....	*	61.0	61.0	
B	Receipts from and payments on investment.....	23.1	6.8	5.2	10.7	7.9	15.0	.5	5.2	.4	1.3	.3	.8	2.1	.8	1.5	.1	.6	.6	.2	.5	41.8	41.8	
C	Insurance and grants.....	6.6	7.6	.3	3.1	.3	2.9	.5	.1	2.4	2.7	4.2	4.5	*	.1	7.3	4.2	1.8	.5	.3	.1	23.7	23.7	
D	Taxes and tax refunds.....	*	3.8	.1	9.4	.....	2.7	.....	.4	8.1	.1	8.5	.....	.....	.1	.....	.2	.....	*	.....	*	16.7	16.7	
E	Capital acquisitions.....	4.5	17.5	.....	11.8	.5	3.1	*	1.6	.1	3.7	.....	1.4	.1	*	.2	*	.2	.3	.....	.....	.....	.....	
F	Net change in inventories.....	.....	.....	.....	3.3	.....	.7	.....	.2	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	
G	New fixed capital.....	.....	11.7	.....	8.4	.....	2.3	.....	1.4	.....	3.6	.....	1.4	.....	*	.....	*	.....	.3	.....	.....	.....	.....	
H	Other capital acquisitions.....	4.5	5.7	.....	.1	.5	*	*	.....	.1	.1	.....	.....	.1	.....	.2	.....	.2	.....	.....	.....	.....	.....	
I	Purchases and sales of other goods and services.....	.....	54.7	181.7	115.2	63.3	40.9	11.1	3.3	1.6	9.3	2.0	2.5	.4	.2	.2	1.0	1.3	.8	4.3	5.2	.....	.....	
*	Total.....	95.1	91.3	187.3	188.1	72.1	71.1	12.1	11.7	12.5	22.3	14.9	13.6	2.6	1.9	9.1	6.5	3.9	3.5	4.7	5.9	414.3	415.8	
Financial <sup>1</sup>																								
K	Currency and deposits.....	.....	3.5	.....	.9	.....	.5	.....	.5	.....	1.7	.....	.4	7.6	.....	.....	-.1	.....	*	*	-.4	7.6	7.0	
L	Federal obligations.....	.....	2.5	.....	2.0	.....	.5	.....	11.4	.....	.....	.2	.....	4.7	.....	1.1	.....	.1	.....	.2	.....	11.4	11.3	
M	Mortgages.....	1.2	.1	-.1	.....	.2	.1	-.1	.....	.....	-.2	.....	.....	.....	.3	.....	.5	*	.4	.....	.....	1.1	1.1	
N	Corporate securities and State and local obligations.....	.....	-.9	.1	-.2	.....	.1	.....	.....	.1	-.3	*	-.2	-.5	.....	1.1	.....	.3	*	-.3	.....	-.3	-.3	
O	Other.....	.5	.6	3.8	4.0	1.0	.7	.2	*	.7	.7	.....	.....	*	3.5	.1	-.2	.4	*	.3	-.8	7.0	8.5	
P	Total.....	1.7	5.8	3.8	6.7	1.1	1.9	.1	.5	12.2	2.3	-.3	.6	7.4	8.0	.1	2.4	.4	.9	.3	-1.3	26.9	27.7	
Q	Grand total.....	97.1	97.1	191.2	191.2	73.2	73.2	12.2	12.2	24.6	24.6	14.7	14.7	10.0	10.0	9.3	9.3	4.3	4.3	5.0	5.0	441.5	441.5	
Memoranda:																								
R	GNP identifiable in J.....	.....	75.4	.....	12.4	.....	3.3	.....	2.7	.....	16.7	.....	7.7	.....	.4	.....	*	.....	2.9	.....	1.1	.....	122.7	
S	Bank credit in P.....	.7	.....	1.3	.....	.3	.....	.2	.....	4.7	.....	-.2	.....	*	7.1	.....	.....	.1	.....	*	.....	7.1	7.1	

\*Less than 50 million dollars.  
<sup>1</sup>Financial sources of funds represent net changes in liabilities; financial uses of funds represent net changes in financial assets.  
NOTE.—For contents of each line, see notes to summary tables, pp. 1123-24.

# SUMMARY OF FLOW-OF-FUNDS ACCOUNTS FOR 1942

S=Sources of Funds, U=Uses of Funds

(Annual flows, in billions of dollars)

Sectors		Consumer		Business						Government				Financial institutions						Rest of the world		Total	
				Corporate		Non-corporate		Farm		Federal		St. and loc.		Banking		Insurance		Other					
Transactions		S	U	S	U	S	U	S	U	S	U	S	U	S	U	S	U	S	U	S	U	S	U
<b>Nonfinancial</b>																							
A	Payroll.....	80.0	1.2	.....	48.8	.....	11.1	.....	1.3	.....	10.1	.....	4.5	.....	.7	.....	.9	.....	1.3	.....	*	80.0	80.0
B	Receipts from and payments on investment.....	26.5	6.9	4.3	9.6	8.7	17.3	.7	7.1	.5	1.7	.3	.8	2.1	.7	1.5	.1	.6	.6	.2	.5	45.3	45.3
C	Insurance and grants.....	6.6	8.6	.6	3.8	.4	1.0	.6	.1	3.3	3.2	4.5	4.7	*	.2	7.7	4.4	2.4	.6	.4	.1	26.5	26.5
D	Taxes and tax refunds.....	*6	6.5	.1	14.2	.....	2.9	.....	.5	15.8	.1	8.6	.....	.....	.2	.....	.2	.....	*	.....	*	24.4	24.5
E	Capital acquisitions.....	3.9	13.8	.....	6.8	1.0	1.2	*	2.0	.1	9.5	.....	1.1	.1	*	.2	.....	.1	.2	.....	.....	.....	.....
F	Net change in inventories.....	.....	.....	.....	.5	.....	.2	.....	.6	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
G	New fixed capital.....	.....	8.3	.....	6.2	.....	1.0	.....	1.3	.....	9.3	.....	1.1	.....	*	.....	.....	.....	.2	.....	.....	.....	.....
H	Other capital acquisitions.....	3.9	5.5	.....	.1	1.0	*	.....	.....	.1	.2	.....	*	.....	.1	.....	.2	.....	.1	.....	.....	322.6	324.0
I	Purchases and sales of other goods and services.....	.....	62.9	212.1	124.6	77.4	48.9	15.3	4.1	4.1	39.9	2.2	2.8	.4	.1	.2	1.0	1.3	1.0	4.2	4.2	.....	.....
Total.....		117.0	99.9	217.1	207.7	87.4	82.4	16.6	15.0	23.7	64.5	15.5	13.8	2.6	1.8	9.6	6.6	4.5	3.6	4.8	4.8	498.8	500.2
<b>Financial<sup>1</sup></b>																							
K	Currency and deposits.....	.....	6.3	.....	3.7	.....	1.9	.....	1.0	.....	7.3	.....	.2	21.5	.....	.....	-.3	.....	.1	.1	*	21.5	20.1
L	Federal obligations.....	.....	8.7	.....	6.1	.....	1.6	.....	.....	45.4	.....	.....	.3	.....	24.4	.....	3.2	.....	.7	.....	.4	45.4	45.3
M	Mortgages.....	.4	-.2	.1	.....	-1.1	-.2	-.3	.....	.....	-.4	.....	.....	.....	-.3	.....	.3	*	*	.....	.....	-.9	-.9
N	Corporate securities and State and local obligations.....	.....	-.5	-.2	-.2	.....	-.1	.....	.....	-.1	-.8	*	-.1	-.7	.....	*	*	.5	.1	*	.....	-1.1	-1.0
O	Other.....	-3.7	.4	-.6	-.7	-.1	.5	-.2	.....	3.9	1.7	.....	.....	-.1	-2.0	.1	-.3	.3	-.2	*	-.2	-.3	-.8
Total.....		-3.2	14.7	-.7	8.8	-1.2	3.7	-.6	1.0	49.3	8.5	-.8	.5	21.2	21.4	.1	2.9	.3	1.2	.2	.2	64.7	62.8
Grand total.....		114.1	114.1	216.4	216.4	86.2	86.2	16.0	16.0	73.0	73.0	14.7	14.7	23.8	23.8	9.8	9.8	4.8	4.8	5.0	5.0	563.8	563.8
Memoranda:																							
R	GNP identifiable in J.....	.....	80.4	.....	7.3	.....	1.4	.....	3.1	.....	55.5	.....	7.5	.....	.5	.....	.....	.....	3.0	.....	*	.....	158.8
S	Bank credit in P.....	-1.0	.....	-2.1	.....	*	.....	-.1	.....	24.4	.....	-.3	.....	*	21.0	.....	.....	*	.....	-.1	.....	21.0	21.0

\*Less than 50 million dollars.

<sup>1</sup>Financial sources of funds represent net changes in liabilities; financial uses of funds represent net changes in financial assets.

NOTE.—For contents of each line, see notes to summary tables, pp. 1123-24.

OCTOBER 1955

SUMMARY OF FLOW-OF-FUNDS ACCOUNTS FOR 1943

S=Sources of Funds, U=Uses of Funds

(Annual flows, in billions of dollars)

Sectors			Consumer		Business						Government				Financial institutions						Rest of the world		Total	
					Corporate		Non-corporat-		Farm		Federal		St. and loc.		Banking		Insurance		Other					
Transactions			S	U	S	U	S	U	S	U	S	U	S	U	S	U	S	U	S	U	S	U		
Nonfinancial																								
A	Payroll.....	102.3	1.4		59.2		12.7		1.7		19.5		4.8		.7		.9		1.5		*	102.3	102.3	
B	Receipts from and payments on invest- ment.....	31.1	6.8	4.3	9.8	9.0	18.9	.7	10.1	.6	2.5	.4	.7	2.3	.7	1.5	.1	.6	.5	.2	.5	50.6	50.6	
C	Insurance and grants.....	6.4	10.1	1.1	4.5	.3	1.0	.6	.1	4.5	3.4	4.5	4.6	*	.2	81	4.3	3.0	.7	.4	.1	28.9	28.9	
D	Taxes and tax refunds.....	*	18.4	*	21.6		3.0		.5	33.5	.1	8.7		.2		.3		*		*		42.3	43.9	
E	Capital acquisitions.....	4.3	13.0		4.6	.5	.8	.4	1.0	.1	5.7		.7	.2	*	.2		.1	*					
F	Net change in inventories.....				-.5		-.1		-.2															
G	New fixed capital.....		7.0		5.1		.9		1.1		5.6		.7		*			*						
H	Other capital acquisitions.....	4.3	6.0		*	.5	*	.4		.1	.1		*	.2		.3		.1				374.3	375.6	
I	Purchases and sales of other goods and services.....		71.7	242.8	139.7	88.7	55.8	19.5	5.8	7.3	67.8	2.3	2.7	.4	.2	.3	1.1	1.5	1.2	5.8	3.9			
T	Total.....	144.2	121.3	248.2	239.3	98.4	92.2	21.3	19.2	46.0	98.9	15.9	13.5	2.8	2.0	10.2	6.6	5.2	3.9	6.3	4.5	598.5	601.4	
Financial <sup>1</sup>																								
K	Currency and deposits.....		10.5		4.3		3.0		1.4		1.9		.4	23.7			.2		.4	*	.6	23.7	22.7	
L	Federal obligations.....		11.9		6.2		1.8			52.9		1.1			25.8		3.9		1.3		.6	52.9	52.6	
M	Mortgages.....	.2	-.2	-.3		-.9	*	-.4			-.7				-.4		*		*			-1.4	-1.4	
N	Corporate securities and State and local obligations.....		-.4	-.8	-.1		-.1				-.1	-1.2	-.2	*	-.8		.3	*	.2	.1	*	-1.9	-1.3	
O	Other.....	-1.0	.9	.3	-.4	-.2	.4	-.3	*	1.8	.7			-.3	-.4	.2	-.3	.7	*	.1	.7	1.3	1.6	
P	Total.....	-.8	22.7	-.8	10.1	-1.0	5.1	-.8	1.4	54.6	1.8	-1.2	1.3	23.3	24.2	.2	3.9	.7	1.9	1.	1.9	74.4	74.2	
Q	Grand total.....	143.6	143.6	247.4	247.4	97.4	97.4	20.5	20.5	100.7	100.7	14.8	14.8	26.1	26.1	10.3	10.3	5.9	5.9	6.4	6.4	673.2	673.2	
Memoranda:																								
R	GNP identifiable in J.....		87.8		5.3		1.1		2.3		85.1		7.2		.5				3.3		-1.8		190.8	
S	Bank credit in P.....	-.2		-.1		-.3		-.2		25.8		-.4		*	24.5			*		-.1		24.5	24.5	

\*Less than 50 million dollars.  
<sup>1</sup>Financial sources of funds represent net changes in liabilities; financial uses of funds represent net changes in financial assets.  
NOTE.—For contents of each line, see notes to summary tables, pp. 1123-24.

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# SUMMARY OF FLOW-OF-FUNDS ACCOUNTS FOR 1944

S=Sources of Funds, U=Uses of Funds

(Annual flows, in billions of dollars)

Sectors		Consumer		Business						Government				Financial institutions						Rest of the world		Total	
				Corporate		Non-corporate		Farm		Federal		St. and loc.		Banking		Insurance		Other					
Transactions		S	U	S	U	S	U	S	U	S	U	S	U	S	U	S	U	S	U	S	U		
<b>Nonfinancial</b>																							
A	Payroll.....	113.0	1.7	.....	62.1	.....	14.0	.....	1.9	.....	24.9	.....	5.0	.....	.8	.....	.9	.....	1.7	.....	*	113.0	113.0
B	Receipts from and payments on investment.....	34.1	6.8	4.6	10.1	8.8	21.0	.8	10.6	.6	3.2	.4	.7	2.5	.8	1.6	.1	.6	.5	.2	.6	54.3	54.3
C	Insurance and grants.....	7.4	11.3	1.4	4.8	.3	1.1	.7	.1	4.9	4.4	4.5	4.6	*	.2	9.1	4.6	3.4	.9	.5	.2	32.2	32.2
D	Taxes and tax refunds.....	.3	19.8	.5	27.5	.....	3.3	.....	.5	42.9	.9	9.1	.....	.....	.2	.....	.3	.....	*	.....	*	52.9	52.5
E	Capital acquisitions.....	5.2	14.2	.....	4.4	.7	1.7	.5	1.3	.1	2.6	.....	.6	.1	*	.3	.3	.....	.1	.1	.....	} 403.6	407.8
F	Net change in inventories.....	.....	.....	.....	-1.1	.....	.5	.....	-2	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....		
G	New fixed capital.....	.....	7.2	.....	5.4	.....	1.2	.....	1.5	.....	2.5	.....	.6	.....	*	.....	.....	.....	.1	.....	.....		
H	Other capital acquisitions.....	5.2	7.0	.....	.1	.7	.....	.5	.....	.1	.....	.....	*	.1	.....	.3	.....	.1	.....	.....	.....		
I	Purchases and sales of other goods and services.....	.....	78.7	254.7	149.6	100.7	65.2	20.3	6.2	9.8	73.0	2.5	2.9	.4	.2	.3	1.1	1.6	1.3	6.4	4.7	.....	.....
<b>Total.....</b>		<b>160.1</b>	<b>132.5</b>	<b>261.3</b>	<b>258.4</b>	<b>110.5</b>	<b>106.3</b>	<b>22.3</b>	<b>20.6</b>	<b>58.2</b>	<b>109.0</b>	<b>16.5</b>	<b>13.9</b>	<b>3.1</b>	<b>2.2</b>	<b>11.3</b>	<b>7.1</b>	<b>5.7</b>	<b>4.5</b>	<b>7.1</b>	<b>5.5</b>	<b>656.0</b>	<b>659.8</b>
<b>Financial<sup>1</sup></b>																							
K	Currency and deposits.....	.....	13.9	.....	.4	.....	1.6	.....	1.4	.....	10.3	.....	.2	28.0	.....	.....	-.2	.....	.4	.1	.1	28.0	28.1
L	Federal obligations.....	.....	13.3	.....	4.9	.....	2.7	.....	.....	58.0	.....	.....	2.2	.....	27.9	.....	5.2	.....	1.6	.....	.6	58.0	58.5
M	Mortgages.....	.5	*	*	.....	-.6	*	-.4	.....	.....	-.6	.....	.....	.....	-.2	.....	*	.....	.2	.....	.....	-.6	.....
N	Corporate securities and State and local obligations.....	.....	-.9	-.6	.....	.....	*	.....	.....	-.1	-1.1	-.5	*	.1	.....	.3	*	.2	.1	*	-1.5	-1.0	
O	Other.....	.7	1.5	.8	-.4	1.6	.8	.1	*	1.3	-1.2	.....	.....	*	1.2	.6	-.3	1.0	-.1	.1	1.3	6.1	2.9
P	<b>Total.....</b>	<b>1.2</b>	<b>27.8</b>	<b>.2</b>	<b>5.0</b>	<b>.9</b>	<b>5.1</b>	<b>-.3</b>	<b>1.4</b>	<b>59.3</b>	<b>8.5</b>	<b>-1.1</b>	<b>1.9</b>	<b>28.0</b>	<b>29.1</b>	<b>.6</b>	<b>5.0</b>	<b>1.1</b>	<b>2.4</b>	<b>.3</b>	<b>2.0</b>	<b>90.1</b>	<b>88.0</b>
Q	<b>Grand total.....</b>	<b>161.4</b>	<b>161.4</b>	<b>261.5</b>	<b>261.5</b>	<b>111.5</b>	<b>111.5</b>	<b>21.9</b>	<b>21.9</b>	<b>117.5</b>	<b>117.5</b>	<b>15.3</b>	<b>15.3</b>	<b>31.1</b>	<b>31.1</b>	<b>11.8</b>	<b>11.8</b>	<b>6.8</b>	<b>6.8</b>	<b>7.4</b>	<b>7.4</b>	<b>746.2</b>	<b>746.2</b>
<b>Memoranda:</b>																							
R	GNP identifiable in J.....	.....	95.3	.....	5.2	.....	2.1	.....	2.7	.....	90.7	.....	7.3	.....	.5	.....	.....	3.8	.....	-1.6	.....	206.0	.....
S	Bank credit in P.....	.6	.....	.9	.....	.4	.....	*	.....	27.9	.....	.1	.....	*	30.3	.4	.....	*	.....	*	.....	30.3	30.3

\*Less than 50 million dollars.

<sup>1</sup>Financial sources of funds represent net changes in liabilities; financial uses of funds represent net changes in financial assets.

NOTE.—For contents of each line, see notes to summary tables, pp. 1123-24.

OCTOBER 1955

SUMMARY OF FLOW-OF-FUNDS ACCOUNTS FOR 1945

S = Sources of Funds, U = Uses of Funds

(Annual flows, in billions of dollars)

Sectors			Consumer	Business						Government				Financial institutions						Rest of the world		Total	
				Corporate		Non-corporate		Farm		Federal		St. and loc.		Banking		Insurance		Other					
Transactions			S	U	S	U	S	U	S	U	S	U	S	U	S	U	S	U	S	U	S	U	
<b>Nonfinancial</b>																							
A	Payroll.....	113.2	1.9	.....	58.8	.....	15.4	.....	2.0	.....	26.1	.....	5.5	.....	.8	.....	1.0	.....	1.8	.....	*	113.2	113.2
B	Receipts from and payments on investment.....	36.4	6.8	4.7	10.1	8.9	22.2	.8	11.4	.6	4.1	.5	.7	2.9	.9	1.7	*.7	.6	.2	.6	57.4	57.4	
C	Insurance and grants.....	10.2	12.0	1.5	4.7	.4	1.2	.7	.2	4.7	7.2	4.6	5.0	*	.2	9.9	5.0	3.4	.9	1.1	.2	36.6	36.6
D	Taxes and tax refunds.....	1.3	22.7	.8	25.9	.....	3.6	.....	.7	43.7	2.1	9.5	.....	.3	.....	.3	.....	*	.....	*	55.4	55.5	
E	Capital acquisitions.....	6.0	16.5	.....	6.1	1.0	2.5	.5	1.0	*	1.8	.....	.7	*	*	.2	.....	*	.2	.....			
F	Net change in inventories.....	.....	.....	.....	-1.0	.....	.4	.....	-.4	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....			
G	New fixed capital.....	.....	8.5	.....	7.0	.....	2.1	.....	1.5	.....	1.7	.....	.7	.....	*	.....	.....	.2	.....	.....	410.4	414.4	
H	Other capital acquisitions.....	6.0	7.9	.....	.1	1.0	*	.5	.....	*	.1	.....	*	.....	*	.2	.....	*	.....	.....			
I	Purchases and sales of other goods and services.....	.....	88.1	246.9	150.3	111.5	73.0	21.8	7.0	9.9	54.5	2.8	3.0	.4	.3	.3	1.3	1.9	1.4	7.1	6.7		
	<b>Total.....</b>	<b>167.2</b>	<b>148.0</b>	<b>253.8</b>	<b>255.8</b>	<b>121.8</b>	<b>117.9</b>	<b>23.8</b>	<b>22.1</b>	<b>59.0</b>	<b>95.8</b>	<b>17.4</b>	<b>14.9</b>	<b>3.4</b>	<b>2.5</b>	<b>12.1</b>	<b>7.7</b>	<b>6.0</b>	<b>4.9</b>	<b>8.5</b>	<b>7.5</b>	<b>672.9</b>	<b>677.0</b>
<b>Financial<sup>1</sup></b>																							
K	Currency and deposits.....	.....	14.2	.....	-.3	.....	2.9	.....	1.4	.....	4.4	.....	.7	24.8	.....	.....	.1	.....	.6	.2	.6	24.8	24.3
L	Federal obligations.....	.....	9.5	.....	.6	.....	1.9	.....	.....	41.6	.....	2.2	.....	21.7	.....	4.7	.....	.8	.....	.6	41.6	41.9	
M	Mortgages.....	.9	.3	.1	.....	*	.4	-.1	.....	.....	-.6	.....	.....	.....	.2	.....	-.1	*	.6	.....	.9	.9	
N	Corporate securities and State and local obligations.....	.....	-1.4	-.7	*	.....	.....	.....	.....	.....	-.1	-.6	-.3	.1	.9	.....	.8	.1	.4	.2	-.2	-.9	.2
O	Other.....	1.1	2.1	-.7	-.6	2.5	1.1	-.1	*	-1.5	-.4	.....	.....	.1	3.6	.2	-.2	1.5	.1	1.1	1.6	4.2	7.3
P	<b>Total.....</b>	<b>2.0</b>	<b>24.7</b>	<b>-1.4</b>	<b>-.3</b>	<b>2.5</b>	<b>6.3</b>	<b>-.2</b>	<b>1.4</b>	<b>40.1</b>	<b>3.2</b>	<b>-.6</b>	<b>2.6</b>	<b>25.0</b>	<b>26.5</b>	<b>.2</b>	<b>5.4</b>	<b>1.7</b>	<b>2.5</b>	<b>1.6</b>	<b>2.5</b>	<b>70.8</b>	<b>74.8</b>
Q	<b>Grand total.....</b>	<b>169.3</b>	<b>169.3</b>	<b>252.5</b>	<b>252.5</b>	<b>124.3</b>	<b>124.3</b>	<b>23.5</b>	<b>23.5</b>	<b>99.0</b>	<b>99.0</b>	<b>16.8</b>	<b>16.8</b>	<b>28.4</b>	<b>28.4</b>	<b>12.3</b>	<b>12.3</b>	<b>7.7</b>	<b>7.7</b>	<b>10.0</b>	<b>10.0</b>	<b>743.9</b>	<b>743.9</b>
<b>Memoranda:</b>																							
R	GNP identifiable in J.....	.....	105.9	.....	7.0	.....	3.0	.....	2.6	.....	74.4	.....	7.8	.....	.6	.....	.....	4.1	.....	-1.0	.....	204.4	
S	Bank credit in P.....	1.2	.....	1.4	.....	1.7	.....	*	.....	21.7	.....	.4	.....	*	26.8	*	.....	.1	.....	.2	.....	26.8	26.8

\*Less than 50 million dollars.

<sup>1</sup>Financial sources of funds represent net changes in liabilities; financial uses of funds represent net changes in financial assets.

NOTE.—For contents of each line, see notes to summary tables, pp. 1123-24.

SUMMARY OF FLOW-OF-FUNDS ACCOUNTS FOR 1946

S = Sources of Funds, U = Uses of Funds

(Annual flows, in billions of dollars)

Sectors		Consumer		Business						Government				Financial institutions						Rest of the world		Total	
				Corporate		Non-corporate		Farm		Federal		St. and loc.		Banking		Insurance		Other					
Transactions		S	U	S	U	S	U	S	U	S	U	S	U	S	U	S	U	S	U	S	U		
Nonfinancial																							
A	Payroll.....	109.6	1.9		63.9		17.8		2.2		13.1		6.3		1.0		1.3		2.1		*	109.6	109.6
B	Receipts from and payments on investment.....	44.5	7.2	5.5	11.6	9.9	27.5	.9	13.6	.4	4.8	.5	.7	3.3	.9	1.7	.1	.8	.7	.2	.8	67.8	67.8
C	Insurance and grants.....	16.6	12.5	1.1	4.9	.5	1.4	.8	.2	4.0	12.6	5.7	5.9	*	.2	11.4	5.6	3.6	1.0	1.0	.2	44.6	44.7
D	Taxes and tax refunds.....	1.7	21.0	1.1	22.4		4.1		.6	38.2	2.7	10.6				.4		.3		*		51.6	51.5
E	Capital acquisitions.....	10.3	30.7	.1	19.6	1.1	5.1	.4	2.0	*	1.0		1.5		.1	.2	.1		.6				
F	Net change in inventories.....				6.0		.4		-.2														
G	New fixed capital.....		18.3		12.4		3.9		2.3		.9		1.4		.1		*		.6				
H	Other capital acquisitions.....	10.3	12.3	.1	1.3	1.1	.8	.4		*	*		.1			.2	.1					470.3	473.6
I	Purchases and sales of other goods and services.....		106.0	279.5	179.6	129.5	85.3	24.8	7.9	11.9	15.4	3.1	3.5	.5	.3	.4	1.6	2.2	1.7	6.4	11.6		
*	Total.....	182.7	179.4	287.2	302.1	140.9	141.1	27.0	26.5	54.6	49.6	19.8	17.9	3.8	3.6	13.7	9.0	6.6	6.1	7.6	12.5	743.9	747.3
Financial <sup>1</sup>																							
K	Currency and deposits.....		7.8		1.0		.8		.6		-22.8		1.1	-9.1			.2		.3	-.3	.2	-9.1	-10.5
L	Federal obligations.....		.4		-6.7		-.8			-22.5			-.2		-15.3		1.3		-.6		-.5	-22.5	-22.4
M	Mortgages.....	3.6	.7	1.2		1.3	.9	*			-.4					2.7		.5	.1	1.8		6.2	6.2
N	Corporate securities and State and local obligations.....		-.8	2.2	*		.4				-.1	-.4	-.5	*	.6		2.1	.2	.4	-.1	-.2	1.9	2.0
O	Other.....	1.2	.9	6.0	4.8	.7	.5	.2		-3.3	2.5			-.3	3.7	-.2	-.1	1.3	.2	3.8	-1.3	9.6	11.3
P	Total.....	4.8	9.0	9.4	-.8	2.1	1.7	.2	.6	-25.8	-20.8	-.4	.4	-9.5	-8.3	-.2	4.0	1.5	2.1	3.4	-1.7	-14.2	-13.7
Q	Grand total...	187.7	187.7	296.6	296.6	143.0	143.0	27.2	27.2	28.8	28.8	19.4	19.4	-5.7	-5.7	13.6	13.6	8.1	8.1	11.1	11.1	729.8	729.8
Memoranda:																							
R	GNP identifiable in J.....		134.0		19.7		4.9		3.8		19.4		9.7		.7		*		5.1		4.9		202.3
S	Bank credit in P.....	2.0		3.0		1.1		.2		-15.3		.4		*	-9.0	-.4		-.1		.1		-9.0	-9.0

\*Less than 50 million dollars.  
<sup>1</sup>Financial sources of funds represent net changes in liabilities; financial uses of funds represent net changes in financial assets.  
NOTE.—For contents of each line, see notes to summary tables, pp. 1123-24.

OCTOBER 1955

SUMMARY OF FLOW-OF-FUNDS ACCOUNTS FOR 1947

S=Sources of Funds, U=Uses of Funds

(Annual flows, in billions of dollars)

Sectors		Consumer		Business						Government				Financial institutions						Rest of the world		Total	
				Corporate		Non-corporate		Farm		Federal		St. and loc.		Banking		Insurance		Other					
Transactions		S	U	S	U	S	U	S	U	S	U	S	U	S	U	S	U	S	U	S	U		
<b>Nonfinancial</b>																							
A	Payroll.....	121.0	2.1		75.1		19.5		2.4		9.3		7.5		1.1		1.4		2.5		*	121.0	121.0
B	Receipts from and payments on investment.....	50.2	8.1	6.2	13.2	11.2	30.0	1.0	16.3	.4	4.6	.5	.7	3.5	1.1	1.8	.1	.9	.8	.2	1.1	76.0	76.0
C	Insurance and grants.....	16.9	13.8	.7	6.1	.6	1.6	.4	.3	4.7	11.7	6.7	6.9	*	.3	13.3	6.5	4.1	1.0	1.0	.4	48.5	48.6
D	Taxes and tax refunds.....	1.7	24.0	.9	20.7		4.3		.7	38.2	2.6	12.1			.5		.3		*		*	52.8	53.1
E	Capital acquisitions.....	10.0	37.7	.2	19.4	1.7	5.6	.4	2.2	*	1.0		2.7		.1	.1	.2		.8				
F	Net change in inventories.....				1.2		.1		-1.2														
G	New fixed capital.....		25.0		17.5		5.1		3.5		1.0		2.5		.1		.1		.8			564.4	567.8
H	Other capital acquisitions.....	10.0	12.6	.2	.6	1.7	.4	.4		*	*		.2			.1	.2						
I	Purchases and sales of other goods and services.....		118.1	357.0	235.9	141.4	96.3	29.7	10.5	9.2	12.6	3.4	4.2	.6	.4	.5	1.9	2.7	1.9	7.7	16.3		
	<b>Total.....</b>	<b>199.8</b>	<b>203.7</b>	<b>365.0</b>	<b>370.5</b>	<b>154.9</b>	<b>157.4</b>	<b>31.5</b>	<b>32.3</b>	<b>52.5</b>	<b>41.7</b>	<b>22.7</b>	<b>22.0</b>	<b>4.0</b>	<b>3.5</b>	<b>15.7</b>	<b>10.4</b>	<b>7.7</b>	<b>7.0</b>	<b>8.9</b>	<b>17.8</b>	<b>862.8</b>	<b>866.4</b>
<b>Financial<sup>1</sup></b>																							
K	Currency and deposits.....		2.7		2.1		-.2		-.2		-.6		.9	3.7			.4		*	.1	-.3	3.7	4.9
L	Federal obligations.....		1.8		-1.2		-.8			-6.3			.9		-6.6		-.7		-.4		.6	-6.3	-6.3
M	Mortgages.....	4.2	.5	1.2		1.6	.9	.1			-1.0				2.6		1.5	*	2.6			7.2	7.2
N	Corporate securities and State and local obligations.....		.2	4.2	*		.2				*	1.6	.1	*	1.1		3.8	.2	.7	*	-.2	5.9	5.9
O	Other.....	3.2	1.6	6.9	7.6	2.1	1.0	.5	*	-1.1	5.0			1.0	7.6	.2	*	2.1	.4	7.9	-2.0	22.8	21.0
P	<b>Total.....</b>	<b>7.5</b>	<b>6.8</b>	<b>12.3</b>	<b>8.5</b>	<b>3.7</b>	<b>1.0</b>	<b>.6</b>	<b>-.2</b>	<b>-7.4</b>	<b>3.4</b>	<b>1.6</b>	<b>1.9</b>	<b>4.7</b>	<b>4.7</b>	<b>.2</b>	<b>5.1</b>	<b>2.3</b>	<b>3.4</b>	<b>8.0</b>	<b>-1.9</b>	<b>33.3</b>	<b>32.8</b>
Q	<b>Grand total...</b>	<b>207.5</b>	<b>207.5</b>	<b>377.3</b>	<b>377.3</b>	<b>158.6</b>	<b>158.6</b>	<b>32.1</b>	<b>32.1</b>	<b>45.1</b>	<b>45.1</b>	<b>24.2</b>	<b>24.2</b>	<b>8.7</b>	<b>8.7</b>	<b>16.0</b>	<b>16.0</b>	<b>10.1</b>	<b>10.1</b>	<b>16.8</b>	<b>16.8</b>	<b>896.4</b>	<b>896.4</b>
<b>Memoranda:</b>																							
R	GNP identifiable in J.....		153.8		20.3		6.0		4.3		15.2		12.5		.9		.1		6.0		8.9		228.1
S	Bank credit in P.....	3.0		2.5		1.4		.4		-6.6		.9		*	2.5		.4		.4			2.5	2.5

\*Less than 50 million dollars.

<sup>1</sup>Financial sources of funds represent net changes in liabilities; financial uses of funds represent net changes in financial assets.

NOTE.—For contents of each line, see notes to summary tables, pp. 1123-24.

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SUMMARY OF FLOW-OF-FUNDS ACCOUNTS FOR 1948

S=Sources of Funds, U=Uses of Funds

(Annual flows, in billions of dollars)

Sectors		Consumer		Business						Government				Financial institutions						Rest of the world		Total	
				Corporate		Non-corporate		Farm		Federal		St. and loc.		Banking		Insurance		Other					
Transactions		S	U	S	U	S	U	S	U	S	U	S	U	S	U	S	U	S	U	S	U		
Nonfinancial																							
A	Payroll.....	133.2	2.1		83.5		21.1		2.5		9.5		8.7		1.3		1.6		2.9		*	133.2	133.2
B	Receipts from and payments on investment.....	54.7	9.4	7.1	15.0	12.3	34.8	1.0	15.2	.5	4.7	.6	.7	3.9	1.2	2.0	.2	1.0	.8	.3	1.3	83.4	83.4
C	Insurance and grants.....	16.6	15.0	.7	6.7	.6	1.8	.4	.3	4.6	11.5	7.7	8.2	*	.3	14.7	7.2	4.5	1.1	2.4	.3	52.3	52.3
D	Taxes and tax refunds.....	1.8	23.8	.5	23.7		4.8		.8	40.2	2.2	13.8			.4		.4		*		*	56.2	56.0
E	Capital acquisitions.....	10.7	42.5	.2	22.0	2.0	5.0	.4	5.4	*	1.2		3.9		.1	*	.3		1.2				
F	Net change in inventories.....				2.1		1.0		1.1														
G	New fixed capital.....		28.9		19.7		4.0		4.3		1.2		3.6		.1		.1		1.2			617.2	615.0
H	Other capital acquisitions.....	10.7	13.7	.2	.2	2.0	*	.4		*	*		.2			*	.2						
I	Purchases and sales of other goods and services.....		126.4	398.6	260.2	152.5	103.4	29.1	9.0	6.0	12.2	3.8	4.7	.6	.4	.5	2.1	3.1	2.1	9.8	12.8		
	Total.....	216.9	219.3	407.0	411.0	167.4	170.9	30.9	33.2	51.3	41.4	25.9	26.3	4.5	3.7	17.3	11.7	8.6	8.1	12.5	14.5	942.3	939.9
Financial <sup>1</sup>																							
K	Currency and deposits.....		-.4		.3		-1.0		-.3		1.1		.8	.8		*		.3	-.1	.4		.8	1.3
L	Federal obligations.....		1.1		.7		-.7			-6.8			.6		-6.2		-2.5		-.4		.1	-6.8	-7.3
M	Mortgages.....	4.0	.6	1.4		1.3	.6	.2			*				2.1		2.2	*	1.5			7.0	7.0
N	Corporate securities and State and local obligations.....		2.2	5.8	*		-.4				*	2.3	.1	*	.5		5.5	.1	.5	.1	-.2	8.3	8.4
O	Other.....	2.8	1.4	1.6	4.1	2.3	1.4	1.8	*	-.5	1.4			*	4.8	.2	.1	1.5	.3	1.9	-1.5	11.7	12.0
P	Total.....	6.8	4.9	8.9	5.2	3.6	-.1	2.0	-.3	-7.3	2.6	2.3	1.5	.9	1.1	.2	5.3	1.6	2.2	1.9	-1.2	20.9	21.3
Q	Grand total.....	224.0	224.0	415.9	415.9	171.0	171.0	32.9	32.9	44.1	44.1	28.3	28.3	5.4	5.4	17.5	17.5	10.2	10.2	14.4	14.4	963.5	963.5
Memoranda:																							
R	GNP identifiable in J.....		167.4		23.7		5.8		7.4		18.9		15.2		1.0		.1		7.1		2.0		248.6
S	Bank credit in P.....	2.1		.9		1.0		1.2		-6.2		.4		*	-.4			*		.2		-.4	-.4

\*Less than 50 million dollars.  
<sup>1</sup>Financial sources of funds represent net changes in liabilities; financial uses of funds represent net changes in financial assets.  
NOTE.—For contents of each line, see notes to summary tables, pp. 1123-24.



OCTOBER 1955

SUMMARY OF FLOW-OF-FUNDS ACCOUNTS FOR 1949

S=Sources of Funds, U=Uses of Funds  
(Annual flows, in billions of dollars)

Sectors		Consumer		Business						Government				Financial institutions						Rest of the world		Total	
				Corporate		Non-corporate		Farm		Federal		St. and loc.		Banking		Insurance		Other					
Transactions		S	U	S	U	S	U	S	U	S	U	S	U	S	U	S	U	S	U	S	U		

\*Less than 50 million dollars.  
<sup>1</sup>Financial sources of funds represent net changes in liabilities; financial uses of funds represent net changes in financial assets.  
NOTE.—For contents of each line, see notes to summary tables, pp. 1123-24.

SUMMARY OF FLOW-OF-FUNDS ACCOUNTS FOR 1950

S=Sources of Funds, U=Uses of Funds

(Annual flows, in billions of dollars)

Sectors		Consumer		Business						Government				Financial institutions						Rest of the world		Total		
				Corporate		Non-corporate		Farm		Federal		St. and loc.		Banking		Insurance		Other						
Transactions		S	U	S	U	S	U	S	U	S	U	S	U	S	U	S	U	S	U	S	U			
Nonfinancial																								
A	Payroll.....	144.6	2.3		88.7		22.8		2.3		11.3		10.3		1.4		1.9		3.4		*	144.6	144.6	
B	Receipts from and payments on investment.....	54.3	12.0	8.2	17.8	14.3	33.9	1.0	13.5		5.0		.6	.8	4.4	1.5	2.5	.3	1.2	1.1	.3	1.6	87.4	87.4
C	Insurance and grants.....	21.9	17.2	.8	8.5	.7	2.2	.4	.3	5.8	16.5	10.1	10.7	*	.3	20.1	11.5	4.9	1.1	3.5	.3	68.4	68.5	
D	Taxes and tax refunds.....	1.7	23.9	.4	23.7		5.4		.9	37.9	2.2	16.5			.5		.6		*		*	56.5	57.1	
E	Capital acquisitions.....	16.1	55.4	.2	24.0	1.5	7.4	.4	4.8	*	1.7		5.7		.1	*	.2		1.9					
F	Net change in inventories.....				4.9		1.5		*															
G	New fixed capital.....		37.2		18.8		5.9		4.8		1.6		5.4		.1		.1		1.9				680.4	678.8
H	Other capital acquisitions.....	16.1	18.3	.2	.2	1.5	*	.4		*	*		.4			*	.2							
I	Purchases and sales of other goods and services.....		130.7	443.0	290.3	164.4	111.2	29.2	10.0	4.7	12.7	4.8	6.0	.7	.4	.4	2.4	3.6	2.4	11.5	11.3			
Total.....		238.6	241.6	452.6	453.0	180.9	183.0	31.0	31.7	49.1	49.4	31.9	33.5	5.1	4.2	23.1	16.8	9.7	10.0	15.4	13.2	1,037.3	1,036.4	
Financial <sup>1</sup>																								
K	Currency and deposits.....		1.2		1.7		.8		-.5		-.3		.6	7.1			.2		*	.2	.3	7.1	3.7	
L	Federal obligations.....		.2		2.9		-.5			-.1			.7		-3.5		-1.2		-.1		1.4	-.1	-.2	
M	Mortgages.....	6.5	.6	1.7		1.4	.4	.4			.3				3.5		3.2	*	2.1			10.1	10.1	
N	Corporate securities and State and local obligations.....		.6	3.4	.2		.3				.1	3.3	.5	.1	1.7		4.0	.3	.5	.3	*	7.3	8.0	
O	Other.....	4.7	2.3	11.1	13.8	2.9	1.0	-.2	*	1.2	.8			-.6	5.6	.2	.2	2.7	.3	.9	1.9	23.0	25.9	
P	Total.....	11.2	4.9	16.2	18.6	4.3	2.0	.2	-.5	1.2	.9	3.3	1.8	6.5	7.3	.2	6.3	3.0	2.7	1.4	3.6	47.7	47.7	
Q	Grand total.....	250.2	250.2	468.9	468.9	185.2	185.2	31.2	31.2	50.3	50.3	35.2	35.2	11.6	11.6	23.2	23.2	12.7	12.7	16.8	16.8	1,085.3	1,085.3	
Memoranda:																								
R	GNP identifiable in J.....		183.3		26.0		8.1		6.5		23.1		19.4		1.1		.1		8.8		-2.2		274.1	
S	Bank credit in P.....	4.1		3.2		3.6		-.1		-3.6		1.6		*	9.0			.3		.1		9.1	9.0	

\*Less than 50 million dollars.  
<sup>1</sup>Financial sources of funds represent net changes in liabilities; financial uses of funds represent net changes in financial assets.  
NOTE.—For contents of each line, see notes to summary tables, pp. 1123-24.

OCTOBER 1955

SUMMARY OF FLOW-OF-FUNDS ACCOUNTS FOR 1951

S=Sources of Funds, U=Uses of Funds

(Annual flows, in billions of dollars)

Sectors		Consumer		Business						Government				Financial institutions						Rest of the world		Total	
				Corporate		Non-corporate		Farm		Federal		St. and loc.		Banking		Insurance		Other					
Transactions		S	U	S	U	S	U	S	U	S	U	S	U	S	U	S	U	S	U	S	U		
<b>Nonfinancial</b>																							
A	Payroll.....	168.0	2.5		102.0		26.1		2.5		16.3		11.3		1.6		2.1		3.7		*	168.0	168.0
B	Receipts from and payments on investment.....	57.6	13.2	8.7	18.4	15.7	36.4	1.1	14.8	.7	5.2	.6	.8	4.9	1.6	2.8	.2	1.3	1.3	.4	1.9	93.8	93.8
C	Insurance and grants.....	20.5	19.1	1.1	10.3	.9	2.6	.4	.3	7.1	13.8	10.7	10.6	*	.3	23.1	13.6	5.3	1.2	2.9	.3	72.0	72.0
D	Taxes and tax refunds.....	1.8	32.8	.3	31.2		5.9		1.0	53.0	2.1	18.2			.6		.6		*		*	73.3	74.2
E	Capital acquisitions.....	17.1	55.4	.2	30.8	1.3	5.7	.6	6.2	*	3.0	*	6.9		.1	*	.2		2.1				
F	Net change in inventories.....				8.1		.9		.6														
G	New fixed capital.....		36.1		22.5		4.8		5.6		3.0		6.4		.1		*		2.1			763.6	765.0
H	Other capital acquisitions.....	17.1	19.3	.2	.2	1.3	*	.6		*	.1	*	.4			*	.2						
I	Purchases and sales of other goods and services.....		142.6	500.0	325.4	181.4	122.4	33.0	11.2	5.4	25.0	5.2	6.0	.7	.5	.4	2.9	3.9	2.6	14.5	15.8		
	<b>Total.....</b>	<b>265.0</b>	<b>265.6</b>	<b>510.4</b>	<b>518.1</b>	<b>199.2</b>	<b>199.1</b>	<b>35.1</b>	<b>36.0</b>	<b>66.1</b>	<b>65.4</b>	<b>34.7</b>	<b>35.6</b>	<b>5.6</b>	<b>4.6</b>	<b>26.3</b>	<b>19.7</b>	<b>10.5</b>	<b>10.9</b>	<b>17.8</b>	<b>18.0</b>	<b>1,170.8</b>	<b>1,173.0</b>
<b>Financial<sup>1</sup></b>																							
K	Currency and deposits.....		4.1		1.8		1.2		.4		.1		.6	9.0			.2		.6	-.1	-.2	9.0	8.9
L	Federal obligations.....		-1.4		1.0		-.2			-.6			.8		.8		-2.3		.3		*	-.6	-1.1
M	Mortgages.....	5.8	.6	1.6		1.4	.2	.4			.6				2.7		3.2	*	2.0			9.4	9.4
N	Corporate securities and State and local obligations.....		2.8	5.7	.2		-.1			.2	2.5	.2	.2	1.2		5.4	.4	-.4	.4	.1		9.1	9.7
O	Other.....	.8	2.4	7.1	4.7	1.8	2.0	.9	*	1.6	.7			.4	5.0	.2	.2	3.6	1.5	1.0	.7	17.6	17.4
P	<b>Total.....</b>	<b>6.6</b>	<b>8.5</b>	<b>14.5</b>	<b>7.8</b>	<b>3.2</b>	<b>3.2</b>	<b>1.3</b>	<b>.4</b>	<b>1.0</b>	<b>1.7</b>	<b>2.5</b>	<b>1.6</b>	<b>9.6</b>	<b>9.7</b>	<b>.2</b>	<b>6.7</b>	<b>4.1</b>	<b>4.0</b>	<b>1.2</b>	<b>.5</b>	<b>44.2</b>	<b>44.1</b>
Q	<b>Grand total...</b>	<b>272.0</b>	<b>272.0</b>	<b>524.8</b>	<b>524.8</b>	<b>202.4</b>	<b>202.4</b>	<b>36.4</b>	<b>36.4</b>	<b>67.1</b>	<b>67.1</b>	<b>37.2</b>	<b>37.2</b>	<b>15.3</b>	<b>15.3</b>	<b>26.6</b>	<b>26.6</b>	<b>14.6</b>	<b>14.6</b>	<b>19.0</b>	<b>19.0</b>	<b>1,215.3</b>	<b>1,215.3</b>
Memoranda:																							
R	GNP identifiable in J.....		195.4		33.3		6.6		8.1		40.7		21.2		1.1		*		9.5		.2		316.3
S	Bank credit in P.....	1.7		4.8		-.1		.5		.8		1.1		*	9.7			.4		.4		9.7	9.7

\*Less than 50 million dollars.

<sup>1</sup>Financial sources of funds represent net changes in liabilities; financial uses of funds represent net changes in financial assets.

NOTE.—For contents of each line, see notes to summary tables, pp. 1123-24.

SUMMARY OF FLOW-OF-FUNDS ACCOUNTS FOR 1952

S=Sources of Funds, U=Uses of Funds

(Annual flows, in billions of dollars)

Sectors		Consumer		Business						Government				Financial institutions						Rest of the world		Total	
				Corporate		Non-corporate		Farm		Federal		St. and loc.		Banking		Insurance		Other					
Transactions		S	U	S	U	S	U	S	U	S	U	S	U	S	U	S	U	S	U	S	U		
<b>Nonfinancial</b>																							
A	Payroll.....	182.3	2.5	.....	109.4	.....	28.1	.....	2.5	.....	19.1	.....	12.5	.....	1.8	.....	2.3	.....	4.1	.....	*	182.3	182.3
B	Receipts from and payments on investment.....	61.0	14.6	9.1	19.1	16.6	41.2	1.2	13.8	.9	5.4	.7	.9	5.6	1.8	3.2	.2	1.5	1.4	.4	1.8	100.2	100.2
C	Insurance and grants.....	22.0	21.0	1.2	11.3	.9	2.8	.4	.4	7.3	13.6	11.3	11.3	*	.3	26.2	15.1	5.5	1.3	2.2	.2	77.2	77.3
D	Taxes and tax refunds.....	2.1	38.5	.3	38.2	.....	6.3	.....	1.1	65.1	2.5	20.0	.....	.....	.8	.....	.6	.....	*	.....	*	87.5	88.0
E	Capital acquisitions.....	21.7	59.7	.3	26.3	1.2	4.8	.5	6.0	*	4.3	.1	7.2	.....	.1	*	.3	.....	2.0	.....	.....	.....	.....
F	Net change in inventories.....	.....	.....	.....	2.8	.....	.2	.....	.7	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
G	New fixed capital.....	.....	35.8	.....	23.3	.....	4.6	.....	5.3	.....	4.2	.....	6.7	.....	.1	.....	*	.....	2.0	.....	.....	.....	.....
H	Other capital acquisitions.....	21.7	23.9	.3	.2	1.2	*	.5	.....	*	.1	.1	.5	.....	.....	*	.3	.....	.....	.....	.....	786.9	787.5
I	Purchases and sales of other goods and services.....	.....	150.0	512.4	328.7	187.3	124.5	31.8	11.2	5.5	34.3	5.5	6.0	.8	.6	.4	3.3	4.4	2.8	15.1	15.5	.....	.....
Total.....		289.1	286.2	523.4	532.9	206.0	207.8	33.9	34.9	78.8	79.1	37.5	37.9	6.3	5.4	29.8	21.9	11.4	11.6	17.7	17.6	1,234.1	1,235.3
<b>Financial<sup>1</sup></b>																							
K	Currency and deposits.....	.....	7.4	.....	.6	.....	-.5	.....	.2	.....	1.9	.....	.6	10.8	.....	.....	.2	.....	.6	*	.4	10.8	11.3
L	Federal obligations.....	.....	*	.....	-.3	.....	-.2	.....	.....	4.4	.....	.....	1.5	.....	2.2	.....	-.2	.....	.3	.....	1.0	4.4	4.3
M	Mortgages.....	5.9	.7	1.1	.....	1.5	.3	.5	.....	.....	.5	.....	.....	.....	.....	2.6	.....	2.0	*	2.9	.....	9.0	9.0
N	Corporate securities and State and local obligations.....	.....	3.1	7.3	.2	.....	.2	.....	.....	.....	.3	3.2	.2	.1	1.5	.....	6.5	.5	-.1	.2	*	11.3	11.9
O	Other.....	4.6	3.4	5.9	6.0	1.3	1.0	.8	*	.4	1.8	.....	.....	.7	5.9	.3	.1	4.0	.7	1.3	-.2	19.1	18.7
P	Total.....	10.5	14.8	14.3	6.5	2.8	.8	1.2	.2	4.8	4.5	3.2	2.3	11.6	12.1	.3	8.6	4.6	4.4	1.6	1.2	54.8	55.4
Q	Grand total.....	299.9	299.9	537.7	537.7	208.9	208.9	35.1	35.1	83.6	83.6	40.7	40.7	17.9	17.9	30.1	30.1	16.0	16.0	19.3	19.3	1,289.2	1,289.2
<b>Memoranda:</b>																							
R	GNP identifiable in J.....	.....	203.9	.....	29.0	.....	5.8	.....	8.0	.....	53.4	.....	22.6	.....	1.3	.....	*	.....	10.0	.....	-.2	.....	333.8
S	Bank credit in P.....	3.6	.....	3.2	.....	.8	.....	.6	.....	2.2	.....	1.2	.....	*	11.5	.....	.....	*	.....	.2	.....	11.6	11.5

\*Less than 50 million dollars.

<sup>1</sup>Financial sources of funds represent net changes in liabilities; financial uses of funds represent net changes in financial assets.

NOTE.—For contents of each line, see notes to summary tables, pp. 1123-24.

OCTOBER 1955

# SUMMARY OF FLOW-OF-FUNDS ACCOUNTS FOR 1953

S=Sources of Funds, U=Uses of Funds

(Annual flows, in billions of dollars)

Sectors		Consumer		Business						Government				Financial institutions						Rest of the world		Total			
				Corporate		Non-corporate		Farm		Federal		St. and loc.		Banking		Insurance		Other							
Transactions		S	U	S	U	S	U	S	U	S	U	S	U	S	U	S	U	S	U	S	U				
<b>Nonfinancial</b>																									
A	Payroll.....	195.5	2.7		118.7		30.0		2.6		19.0		13.5		1.9		2.6		4.4		*		195.5	195.5	
B	Receipts from and payments on investment.....	59.4	16.3	9.7	20.0	17.5	40.0	1.1	13.0	1.0	5.5	.8	1.0	6.2	2.1	3.5	.3	1.7	1.5	.5	1.9		101.4	101.4	
C	Insurance and grants.....	23.9	22.7	1.3	12.2	1.0	3.0	.4	.4	7.5	14.4	11.9	11.7	*	.3	29.0	16.7	5.7	1.4	2.2	.3		82.8	83.0	
D	Taxes and tax refunds.....	2.6	40.9	.5	36.0		6.8		1.1	64.8	3.1	21.4		.8		.7		*		*			89.4	89.6	
E	Capital acquisitions.....	22.0	63.8	.2	26.7	1.5	6.0	.4	5.0	*	4.2	.1	7.8		.1	*	.2		2.1						
F	Net change in inventories.....				1.6		.9		.3																
G	New fixed capital.....		39.4		24.9		5.1		4.6		4.2		7.2		.1	*			2.1						
H	Other.....	22.0	24.4	.2	.2	1.5	*	.4		*	.1	.1	.5			*	.2								
I	Purchases and sales of other goods and services.....		155.4	538.3	341.8	195.8	130.2	29.8	10.8	5.0	38.8	5.8	6.4	.8	.7	.5	3.4	4.9	3.0	15.8	14.3				
T	Total.....	303.4	301.8	550.0	555.3	215.9	215.9	31.7	32.8	78.4	85.1	40.0	40.4	7.0	5.9	33.0	23.9	12.3	12.4	18.4	16.5		1,290.0	1,290.0	
<b>Financial<sup>1</sup></b>																									
K	Currency and deposits.....		4.4		.1		.4		*		-1.6		1.0	5.0			.2		.2	*	.3		5.0	5.0	
L	Federal obligations.....		.3		1.1		.6			5.2			1.8		.9		*		-.2		.6		5.2	5.1	
M	Mortgages.....	6.2	.6	1.3		1.8	.5	.4			.3			2.5		2.1	*	3.7					9.8	9.8	
N	Corporate securities and State and local obligations.....		3.2	6.7	.3		-.6				-.3	3.6	.3	.1	1.1		6.5	.4	.3	.1	.1		10.9	10.8	
O	Other.....	4.5	4.4	-.6	.1	1.6	2.3	.6	*	.1	.2			.2	1.4	.3	.2	4.5	.9	.6	1.4		11.8	10.8	
P	Total.....	10.7	12.9	7.4	1.6	3.5	3.2	1.0	*	5.3	-1.4	3.6	3.0	5.2	5.8	.3	9.1	5.0	5.0	.6	2.3		42.6	41.5	
Q	Grand total.....	314.4	314.4	557.4	557.4	219.3	219.3	32.8	32.8	83.7	83.7	43.6	43.6	12.2	12.2	33.3	33.3	17.3	17.3	19.0	19.0		1,332.7	1,332.7	
<b>Memoranda:</b>																									
R	GNP identifiable in J.....		215.1		29.5		6.9		6.9		57.9		24.4		1.4		*		10.7		-1.9		350.9	350.9	
S	Bank credit in P.....	3.5		.5		1.2		.6		.9		.7		*	6.9			-.1		-.2			6.9	6.9	

\*Less than 50 million dollars.

<sup>1</sup>Financial sources of funds represent net changes in liabilities; financial uses of funds represent net changes in financial assets.

NOTE.—For contents of each line, see notes to summary tables, pp. 1123-24.

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SUMMARY OF FLOW-OF-FUNDS ACCOUNTS FOR 1954 <sup>1</sup>

S=Sources of Funds, U=Uses of Funds

(Annual flows, in billions of dollars)

Sectors		Consumer		Business						Government				Financial institutions						Rest of the world		Total	
				Corporate		Non-corporate		Farm		Federal		St. and loc.		Banking		Insurance		Other					
Transactions		S	U	S	U	S	U	S	U	S	U	S	U	S	U	S	U	S	U	S	U		
Nonfinancial																							
A	Payroll.....	193.7	2.5		116.3		29.8		2.6		18.1		14.8		2.1		2.8		4.7		*	193.7	193.7
B	Receipts from and payments on investment.....	64.9	17.2	9.6	21.8	17.8	40.9	1.1	15.1	1.1	5.7	.8	1.1	6.4	2.3	4.2	.3	1.9	1.7	.4	2.2	108.2	108.2
C	Insurance and grants.....	27.0	24.2	1.4	12.8	1.1	3.1	.5	.5	8.4	16.6	13.2	13.0	*	.3	30.5	18.1	5.9	1.4	2.3	.3	90.4	90.4
D	Taxes and tax refunds.....	2.9	38.4	.4	36.2		7.1		1.1	61.7	3.3	22.8			1.0		.9		*		*	87.9	88.0
E	Capital acquisitions.....	24.5	66.3	.2	20.9	1.8	5.4	.4	4.5	*	3.5	.1	9.0		.2	*	.3		2.6				
F	Net change in inventories.....				-3.0		-5		.3														
G	New fixed capital.....		40.2		23.7		5.9		4.2		3.4		8.4		.2		.1		2.6				
H	Other capital acquisitions.....	24.5	26.0	.2	.2	1.8		.4		*	*	.1	.7			*	.2					805.7	798.9
I	Purchases and sales of other goods and services.....		155.5	521.1	330.3	193.5	128.2	30.2	9.7	6.1	32.4	6.0	6.5	.8	.8	.6	3.9	5.2	3.7	15.2	15.2		
Total.....		313.0	304.1	532.8	538.4	214.2	214.5	32.2	33.3	77.3	79.7	42.9	44.5	7.3	6.8	35.3	26.3	13.0	14.1	18.0	17.7	1,285.9	1,279.3
Financial <sup>2</sup>																							
K	Currency and deposits.....		6.5		.7		.7		-.3		.4		.8	9.7		*		.7	.2	.7		9.7	10.1
L	Federal obligations.....		-1.8		-1.7		-1			2.2			1.7		3.9		-.5		.5		.5		2.2
M	Mortgages.....	8.5	.6	1.6		1.8	1.1	.4			-1				3.7		2.7	.1	4.4			12.5	12.5
N	Corporate securities and State and local obligations.....		2.7	5.7	.1		.1				-3	4.4	.4	.2	2.1		8.4	.5	-.9	.3	.1	11.1	12.7
O	Other.....	2.1	5.5	-2.2	1.2	.4	-.3	.4	*	.2	-1			.2	1.3	.4	.2	5.8	.6	1.0	.5	8.2	9.0
P	Total.....	10.6	13.6	5.1	.3	2.2	1.6	.8	-.3	2.4	*	4.4	2.9	10.2	11.0	.4	10.7	6.3	5.4	1.5	1.8	43.8	46.8
Q	Grand total.....	324.0	324.0	537.8	537.8	216.4	216.4	33.0	33.0	79.7	79.7	47.3	47.3	17.5	17.5	35.6	35.6	19.3	19.3	19.5	19.5	1,330.2	1,330.2
Memoranda:																							
R	GNP identifiable in J.....		220.2		24.1		6.4		6.2		49.0		26.9		1.5		.1		11.7		-.3		345.8
S	Bank credit in P.....	3.0		-1.1		2.1		.5		3.9		2.0		*	11.2			.2		.8		11.3	11.2

\*Less than 50 million dollars.  
<sup>1</sup>This table is not fully comparable with the summary tables for previous years, since it reflects data available in 1955; all other tables reflect data available at end of 1954.  
<sup>2</sup>Financial sources of funds represent net changes in liabilities; financial uses of funds represent net changes in financial assets.  
NOTE.—For contents of each line, see notes to summary tables, pp. 1123-24.

## A FLOW-OF-FUNDS SYSTEM OF NATIONAL ACCOUNTS

## Notes to Summary Tables

These notes describe, line by line, the contents of the transaction groupings used in the preceding summary tables. More detailed tables and more detailed descriptions are given in the appropriate chapters of the report.

Line A—*payroll*. Mainly cash wages and salaries before withholdings for income taxes and for employee contributions to social insurance. Excludes wages paid in kind and employer contributions to social insurance funds and to private pension and welfare funds.

Line B—*receipts from and payments on investment*. Gross payments and receipts of monetary interest, rents and royalties, dividends and branch profits, and net withdrawals of funds by proprietors from unincorporated enterprises. Excludes imputed interest and imputed rents.

Line C—*insurance and grants*. Insurance premiums and benefits and gross payments and receipts of grants and donations. The insurance transactions cover all types of private and government insurance, including retirement and pension programs. Employment taxes and benefits under the various social insurance programs are included. Grants and donations include intergovernmental grants both foreign and domestic, donations to and by nonprofit organizations, and government and business grants to consumers, etc. Excludes gifts in kind.

Line D—*taxes and tax refunds*. Includes all taxes other than employment taxes, which are recorded under insurance premiums in line C. Also includes cash transactions arising from renegotiation of government contracts. All taxes and refunds are recorded as of the time paid and received, not as of the time accrued.

Line E—*capital acquisitions*. Expenditures under capital acquisitions are shown in a three-way breakdown. Sources of funds on this line consist mainly of receipts from the sales of real estate. Receipts corresponding to capital purchases other than of real estate are in general recorded in line I rather than in line E.

Line F—*net changes in inventories*. Include inventory valuation adjustment. Shown only for business sectors. Changes in farm inventories are at cost rather than market value and include changes in inventories held under CCC direct and guaranteed loans. All of line F is part of the flow-

of-funds transaction category "other goods and services."

Line G—*expenditures for new durable equipment and for construction*. For consumer sector: purchases of new consumer durable goods and purchases of new nonfarm homes (excluding cost of land). For business sectors: expenditures for new plant and equipment; corporate and noncorporate business expenditures for purchases of new nonfarm residential housing for tenant-occupancy and net change in work in process on all nonfarm residential construction; farm business expenditures for outlays for new farm dwellings as well as for new service buildings. For government sectors: expenditures for construction. For financial institution sectors: expenditures for construction and equipment. All of line G is part of the flow-of-funds transaction category "other goods and services."

Line H—*other capital acquisitions*. For consumer sector: purchases of existing houses, land, used consumer durable goods, and brokerage fees and settlement costs in connection with home purchases; sales of existing homes, land, and used consumer durable goods. For business sectors: corporate—purchases of used equipment from Federal Government, purchases of land in connection with residential construction, security flotation costs, brokerage fees and settlement costs; sales of properties under lease-back agreements. Noncorporate—purchases of used equipment from Federal Government; net receipts from real estate transfers. Farm—net receipts from transfers of farm land. For Government sectors: purchases of land; sales of land. For financial institution sectors: purchases of properties in connection with lease-back agreements; net receipts from transfers of foreclosed properties. Line H consists of all transactions in the flow-of-funds real estate transfers category and some transactions in the "other goods and services" transaction category.

Line I—*purchases and sales of other goods and services*. All expenditures for and receipts from the sale of goods and services other than those listed separately in the summary tables. Consists of all transactions in the flow-of-funds category "other goods and services" except for the capital transactions covered in line E.

Purchases and sales under capital acquisitions (line E) and purchases and sales of other goods and services (line I) together make up the two flow-

## A FLOW-OF-FUNDS SYSTEM OF NATIONAL ACCOUNTS

of-funds transaction categories—real estate transfers and “other goods and services.” All purchases and sales in the real estate transfer category are included in line E and also included in line H. Purchases and sales of “other goods and services” are divided between lines E and I. Capital expenditures in the transaction category “other goods and services” are shown in line E but, in general, the corresponding sales are in line I.

Line J—*total nonfinancial transactions*. The sum of lines A through E and line I.

*Financial transactions*. Lines K through P present net changes in each sector's liabilities (with appropriate sign) under sources of funds and net changes in each sector's financial assets (with appropriate sign) under uses of funds. The financial parts of the sources and uses columns for each sector are thus in terms of changes in liabilities and in financial assets respectively rather than in terms of gross financial sources and uses of funds. The row totals for each financial transaction category should be interpreted in the light of this treatment.

Line K—*currency and deposits*. Changes in currency, demand deposits and time deposits. Changes in the banking sector's liability for currency and deposits differ from changes in the sum of holder records principally because of fluctuations in mail float. The currency and deposit totals shown in the total column reflect the netting of rest of the world liabilities for American-held foreign currency and deposits against foreign holdings of American currency and deposits; these are shown gross in the sector column for the rest of the world.

Line L—*Federal obligations*. Changes in Federal Government debt—direct, fully guaranteed, and not guaranteed—other than changes in currency items in the public debt and changes in debt held by agencies or funds of the Federal Government sector. Includes changes in debt for accrued interest and for securities not issued for cash. Excludes government debt for accounts payable and trust and deposit liabilities, which are included in “other” financial transactions on line O.

Line M—*mortgages*. Changes in all debt and holdings of debt secured by real estate.

Line N—*corporate securities and State and local obligations*. Net issues, sales, and purchases of private corporate debt and equity securities, of foreign securities, and of debt of State and local governments.

Line O—*other financial transactions*. Covers all other financial instruments: trade credit; bank loans other than mortgages; gold and Treasury currency; and miscellaneous financial transactions such as savings and loan and credit union shares, Federal Government loans to foreign and domestic borrowers, Government subscriptions to international organizations, customers' credit and debit balances, policy loans, capital stock and bonds of various agricultural credit institutions, private interest in partly-owned government corporations.

Line P—*total financial transactions*. The sum of lines K through O. The totals under sources represent total net changes in liabilities; the totals under uses represent total net changes in financial assets.

Line Q—*grand total*. Sum of line J, line P, and valuation adjustments and statistical discrepancies not shown separately on the summary tables. The size of the totals on line Q for each sector is dependent upon the method of presentation of the financial transactions and hence these totals have no particular significance as the total sources of funds and the total uses of funds of the sectors.

Differences between total sources of funds and total uses of funds for each transaction category (as shown in the “total” column) are attributable to valuation differences, timing differences, and other statistical inconsistencies.

Line R—*GNP identifiable in flow-of-funds nonfinancial transactions*. Line R records the amount of total gross national product, as presented in the national income accounts of the Department of Commerce, that can be said to be covered by the nonfinancial transactions of each flow-of-funds sector. While the memorandum line is shown under uses of funds in the summary tables, to some extent line R is net of receipts included in flow-of-funds nonfinancial sources of funds because of the net basis of several elements in GNP. The contents of the line, its derivation, and the exact relationship to GNP are described in an appendix to the report.

Line S—*bank credit in line P*. Net changes in each sector's obligations held by the banking system. Bank credit recorded for banking sector on line S differs from banking sector's total change in all financial assets shown on line P in that the former excludes changes in holdings of gold, silver, and other Treasury currency assets.